The Financial Times, February 25, 1976

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Crucial Labour meeting to-day

A resolution from Mrs. Judith Hart, the former Overseas Development Minister, will provide a key test of strength between the Left-wing and moderate members at to-day's crucial meeting of the Labour Party's National Executive Committee.

Mrs. Hart refers to the "significant divergence between the industrial and economic policies of the Government and those of the party," and calls on Ministers to consider the political consequences of "a continued failure to carry out the fundamental policies of the party."

The resolution will place Ministers like Mr. Anthony Wedgwood Benn, Energy Secretary, in a very difficult position, writes Richard Evans. The NEC also faces a call for a one-day special conference on unemployment and the economic situation from Miss Joan Maynard, MP for Sheffield, Brightside. Back Page

Angola holds up Zambian copper

Angola Government ordered the off-loading of 1,200 tonnes of Zambian copper from a ship which was about to sail from Lobito, according to Mr. Nedson Nyoni, Zambia's director of contingency planning. Page 5

Freedom pledge

Within two months everyone in Spain will have the right to participate in meetings and demonstrations — except for Communists, separatists and terrorists — according to Sr. Fraga Iribarne, the Minister of the Interior. Back Page

Closed shop move

Tory peers have inserted a "conscience clause" into the Trade Union and Labour Relations (Amendment) Bill, despite strong Government objections that it would "nullify the lawful closed shop." Page 12

Cosgrave visit

Mr. Liam Cosgrave, the Irish Prime Minister, has accepted an invitation from Mr. Wilson to visit London on March 5, when the Ulster problem is expected to dominate their discussions. Page 8

Iceland-bound

Britain is stepping up its naval strength in the cod war by sending the frigate Andomeda to the disputed fishing grounds off Iceland. The move comes after the gunboat Thor twice rammed the frigate Yarmouth and Iceland claimed two other collisions. Andromeda, expected to arrive on Friday, will bring the number of Royal Navy vessels protecting the trawlers to four. Earlier story Page 6

Record clipper

GB II seems set to reach the finish of the FT Clipper Race, off Dover, later to-day when she will have beaten the 69-day homeward record from Sydney by over two days. Back Page

Rats run riot

A plague of between 25bn. and 30bn. pesticide resisting rats has spread through Senegal, in West Africa, devouring newly-sown seeds and creating the risk of a yellow fever epidemic.

Showing the flag

A man who used Tanzania's national flag to cover himself while sleeping in a car has been jailed for a year for showing disrespect.

Briefly . . .

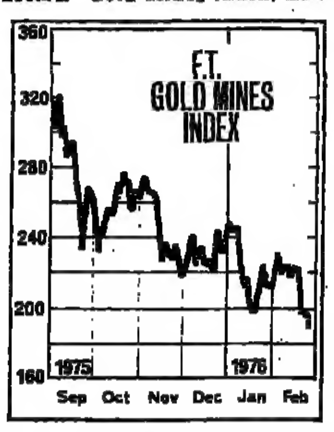
Mr. William Hamilton, Labour MP for Central Fife, is to ask the Attorney-General about the cost to public funds of the Ampthill case in the House of Lords.

Two Aire Valley trunk road demonstrators were fined at Bingley Court for acting disorderly, and bound over for a year.

BUSINESS

Uptrend in gilts and equities continues

● EQUITIES showed good gains by both leaders and second-line shares. The FT 30-share index closed 7 points up at 407.2 for a rally of 15.3 so far this week. The FT Actuaries All-Share index improved 1.2 per cent. to 168.24. Gold Mines index, however, fell again. The 5.5 drop to 189.8 left it at its lowest since December 21, 1973.



● GILTS made good progress. Shorts had fresh gains of up to ½; longs showed up to ¾ better. The Government Securities index put on 0.22 to 63.39.

● WALL STREET closed short of the magic 1000 at 993.55. The 8.27 rise was slightly below the day's best.

● LIRA REMAINED weak. Its depreciation of 47.79 per cent. represents a fall of 17.07 per cent. since the closure of the Italian foreign exchange market last month. Sterling's depreciation was unchanged at 30.3 per cent., and at $[illegible]250 the [illegible] also unchanged against the dollar. Dollar's depreciation was 2.70 (2.69 per cent.).

● GOLD gained $¾ to $132¼.

● U.S. TREASURY Bill rates at this week's auction were: Threes 4.870 (4.854) per cent. and Sixes 5.204 (5.171) per cent.

● GUYANA will nationalise Booker Brothers' assets there on May 26—the tenth anniversary of her independence from Britain—Mr. Forbes Burnham, Prime Minister, told a political rally.

Auk field comes into production

● BRITAIN'S THIRD oilfield went into production yesterday. Crude oil from Shell/Esso's Auk field was landed at Teesport. Page 8

● HOUSE-BUILDING activity in January, although higher than in December, was substantially lower than last year's monthly average. Page 9.

LABOUR

● CLOSURE of five British Leyland factories in Birmingham is proposed as part of the company's worker participation plan. Page 11

● MINERS are to be urged at their July rally to opose all forms of incomes policy. The proposal comes from the militant Scottish NUM area. Page 11

● GAS INDUSTRY negotiators have been called to a special meeting to-morrow after Monday's threat by NALGO strikers to reduce supplies to industry. Page 11

COMPANIES

● SPIRELLA GROUP reports pre-tax profits of £4.22m. for the year ended November 30, 1975, which included eight months' contribution from the former Vantona companies. Page 27 and Lex

● NOTTINGHAM MANUFACTURING pre-tax profits for 1975 reached £8.02m. (£3.43m.) after a second-half improvement. Page 26 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 13pc 1990	£100	+ ½
Assd. P Cement	188	+ 12
Automotive Products	51	+ 3½
Bowater	186	+ 5
"Bats"	360	+ 7
Cavenham	132	+ 5
Costain (R.)	230	+ 6
Felixstowe Dock	139	+ 4
Fisons	404	+ 14
Hambros	212	+ 7
Hawker Siddeley	420	+ 8
Henlys	86½	+ 3½
ICI	357	+ 5
Intnl. Computers	125	+ 10
Johnson Matthey	351	+ 11
MEPC	88	+ 4
Nat. Westminster	270	+ 10
Nottingham Manf.	78	+ 10
Racal Electronics	240	+ 10
Rank Org. "A"	154	+ 7
Reyrolle Parsons	129	+ 5
Routledge Kegan Paul	50	+ 5
Spirella	90	+ 5
United Newspapers	280	+ 8
Whatman Reeve Angl.	74	+ 5
Witter (T.)	31	+ 3½
Ultramar	184	+ 6

FALLS

Anglo Transvaal Ind.	120	− 16
Barlow Rand	180	− 17
OK Bazaars "A"	550	− 60
Rosgill	16	− 5
Royal Dutch	£30½	− ¼
Sunningdale Oils	585	− 70
Anglo American	287	− 8
De Beers Dfd.	245	− 13
EZ Inds.	350	− 10
Northgate	400	− 15
Pot. Plat.	130	− 6
Sabina	93	− 9
Southvaal	425	− 25

Improved workless trend may be due to job-saving schemes

BY ANTHONY HARRIS

The rise in the underlying level of unemployment slowed sharply last month, to only just over half the average increase in the previous three months. In addition, there was a small but significant rise in the number of unfilled vacancies registered with employment exchanges.

However, detailed figures show that much of the apparent improvement may have been the result of the Government's job saving programme rather than a better trend in industrial employment, and the improvement did nothing to silence the Government's trade union and backbench critics.

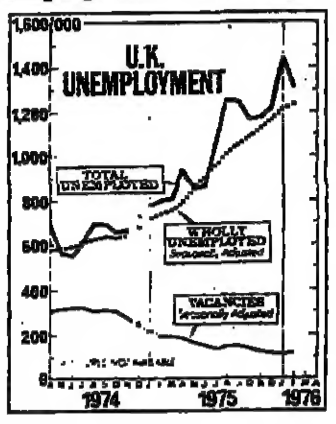
"We want real employment, not artificial jobs created by Government gimmicks," said Mr. Robert Cryer, Labour MP for Keighley.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union, complained: "It is clear that the monthly increase is still at a higher rate than the total effect of all the job-saving means so far adopted."

He and a number of other trade union leaders made it clear that the TUC intends to press the Government vigorously for further action, through selective reflation and import controls, to reduce unemployment.

In Great Britain (not including Northern Ireland), adult unemployment, excluding students, rose by 11,618 last month to 1,225,420. Since there is normally a drop of more than 9,000 in February, this gave a seasonally adjusted rise of 21,300—a sharp improvement from the figures of 35,000, 42,000, 44,000 and 52,000 in the previous four months.

The Government's job-saving programmes appear to have accounted for much of the improvement between January and February.



Employers of more than 12,000 people applied during the month for the Temporary Employment Subsidy, to avoid redundancies, while 2,653 people were taken on by local authorities under the temporary job creation programme.

It cannot, of course, be taken for granted that all these people would have been out of work but for the Government's programmes. In addition, 10,000 school leavers found work, and some of these may have displaced adult workers, and counter-balanced some of the effect of the other programmes on the figures.

Other evidence, including the latest CBI survey, suggests that labour shedding by industry is slowing down. However, it remains true that the figures cannot be taken at face value as an economic indicator.

The vacancy figures, on the other hand, are not subject to any distortion, and here the figures confirm an improvement which has been evident since December.

Through the first 11 months of last year, the number of jobs on offer through employment exchanges fell by an average of nearly 10,000 a month; but there has been little significant change, on a seasonally-adjusted basis, since November.

The actual rise last month was just over 10,000. Although due mainly to seasonal factors, this was the biggest improvement since July 1974.

The total unemployment figure dropped very sharply, by 118,594, because more than 120,000 adult students left the register as the new academic term began.

One further apparently encouraging detail of the figures was that for the second successive month there was no increase in the number unemployed for more than four weeks.

A small fall occurred in the number of workers temporarily stopped and there was a reduction—from 140,000 to 135,000—in the estimated number on short time.

These figures compare with 151,000 in December and 177,000 in November, confirming the underlying improvement suggested by surveys and figures for industrial output.

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Brezhnev says foreign policy will not change

BY MOIRA CUNYNGHAME

MOSCOW, Feb. 24.

MR. LEONID BREZHNEV'S major policy statement to the 25th Soviet party congress today makes it quite clear that Soviet foreign policy during the next few years will proceed fundamentally unchanged and that he will remain in charge of the country for the foreseeable future.

The Soviet Union will continue to seek arms limitation agreements with the U.S. and closer economic links with Western countries, the 69-year-old party leader said in his five and a-half hour Keynote speech.

In a clear reference to Soviet support for the victorious MPLA faction in Angola, he also pledged continuing support for liberation movements.

Mr. Brezhnev spoke for over two hours on foreign policy and, far from confirming that he is severely ill with a jaw complaint, appeared well. He was frequently applauded by the audience of 6,000 Soviet and foreign delegates, who had gathered in the Kremlin Palace of Congresses.

Looking back over the five years since the last Congress, at which he outlined his peace programme, Mr. Brezhnev had a certain amount to boast about. Communist victories in South-East Asia, the normalisation of relations with West Germany and the recognition of East Germany, arms limitation and other agreements with the U.S., the European Security Conference and finally the MPLA victory, were all milestones of Soviet policy.

Mr. Brezhnev also handed out a fair amount of criticism on almost every score. He attacked the U.S. for dragging its feet over the arms talks and hindering a Middle East settlement, the West in general for anti-Soviet hysteria and failure to co-operate at the Vienna talks on force reductions, Western Communists who seemed prepared to renounce the principles of Communism and East Europeans who did not co-operate fully.

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He reserved his strongest words for China, though many observers were surprised by the vehemence of his remarks in view of the change of leadership in Peking and the fact that recently some people had detected a lessening of outward hostility between the two Communist rivals.

As always he said the Soviet Union was prepared to normalise relations if China dropped its anti-Soviet stand.

Mr. Brezhnev was also unexpectedly harsh on Japan, which he accused of presenting groundless and unlawful claims to the Soviet Union—a reference to the disputed islands which have blocked the conclusion of a peace treaty between the two countries.

He hinted that Japan had been induced to take an anti-Soviet line by China, although he did not mention China by name in this respect.

The Soviet leader showed dissatisfaction at the slow progress in the current strategic arms limitation negotiations and put the blame for the failure of the Vienna talks on force reductions in Central Europe squarely on NATO.

Mr. Brezhnev spoke at length on the developing countries and made it very clear that the Soviet Union would continue to support with arms and personnel any liberation movement which sought help.

Criticism from the West was bad enough, he said, but deviation within the Communist movement was intolerable.

NatWest sets aside extra £40m.

BY MICHAEL BLANDEN

A RELATIVELY heavy involvement in property loans and a large commitment to the "lifeboat" support for fringe banks have required National Westminster Bank to set aside further extra provisions of £40m. against doubtful loans.

These provisions have eaten into profits which were already significantly lower as a result of the U.K. economic climate in the past year. At the trading level, before additional provisions, the bank's surplus was down from £174.5m. in 1974 to £142.7m. last year.

The bank indicated yesterday however, that it had no immediate plans to raise new capital through a rights issue, following the £76m. issue recently made by Lloyds Bank. With Mr. Alex Dibbs, the chief executive, indicating that NatWest is looking for an improvement in profits this year, the news brought a good response in the market.

NatWest shares closed with a gain of 10p at 270p. The shares of the other big three banks showed rises of between 5p and 8p, with results due from Midland on Friday and Barclays next week.

The additional provisions against advances represent a further increase since the half-year, when NatWest had set aside £18m. They compare with a total of £45m. in the previous year, and contrast with Lloyds which showed no additional provisions for last year.

Mr. Dibbs argued that without the bank's unusually heavy involvement in the property market, it would probably not have been necessary to make additional provisions "below the line" as well as the increased amounts set aside on the bank's normal formula before trading profits were struck.

NatWest, he said, had as a group an above-average commitment to property of 7 per cent. of advances, making its total involvement in this area some £110m.-£115m. more than it would be if the bank were in line with the others.

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Interest rates "may fall again" Page 8

NatWest was also the biggest single contributor to the "lifeboat" operation, including the special arrangements made for First National Finance Corporation, and extra provisions had also been made on this score. A substantial part (£14m. of the £40m. was set aside in the bank's subsidiaries, Lombard North Central (with £10.7m.), and Coutts.

Commenting on the capital position, Mr. Dibbs said the growth of its deposits last year had been negligible, though with continued expansion of branch funds it had been able to cut its reliance on money market resources considerably. At the end of last year, its free capital ratio (defined in line with the Bank of England's new criteria) was 2.7 per cent. against 3 per cent. a year before.

The bank was under no pressure to raise new capital, the chairman, Sir John Prideaux, stated.

Looking ahead, Mr. Dibbs expected some upturn in lending—still very depressed at present—in the final quarter of the year. He suggested that interest rates might come down a little further by the spring, but that after that they would turn up again as a result of rises in the U.S.

Commenting on the possibility of further rationalisation of the branch network, Mr. Dibbs said the bank possibly had some 400 or 500 too many branches — though any closures would be done as part of a continuing process with full consultation with staff.

The past year's results were affected by lower interest rates and substantial cost rises, partly offset by the widening of the margin between lending and deposit rates. After the provisions and other items, the group pre-tax total was down to £104.4m. against £120.3m. in the previous year.

Air plant wiped out Chrysler profit

BY GUY DE JONQUIERES

NEW YORK, Feb. 24.

CHRYSLER CORPORATION earned a $34.9m. operating profit in the final quarter of last year after five consecutive quarters in the red, but the improvement was wiped out by losses of $62.5m. on its air-conditioning division, which was recently disposed of.

The company said to-day that it was moving towards improved profitability after a difficult period, and that it looked forward to a gradual and steady strengthening of the U.S. automotive markets. It expected its U.K. subsidiary to improve its competitive position in the U.K. and world markets as it began producing new models.

In the final quarter of last year Chrysler Corporation's net loss was $27.7m., compared with $71.7m. in the same period of 1974. It took in a $55m. non-recurring loss on the sale of Airtemp, its air-conditioning division, to Fedders for $58.5m. and a $7.6m. loss on discontinued Airtemp operations.

In the full year, Chrysler had a net loss of $259.1m., up from $52.1m. in 1974. World-wide sales for the year rose to $11.6bn., from $10.9bn., and for the quarter to $3.2bn. from $2.5bn.

Though Mr. John Riccardo, Chrysler's chairman, had forecast some months ago that the company would return to the black in the final quarter of last year, to-day's results were greeted enthusiastically on Wall Street. By early this afternoon its share price had risen by $1¼ to $16¾ on the New York Stock Exchange.

The company said that during the past year it had made "permanent and significant reductions" in its overhead and operating costs. Total debt had been cut by $297m. in the year.

In 1975 worldwide unit sales of cars, trucks and tractors fell to 2.5m. units from 2.8m. in 1974, and sales outside the U.S. and Canada dropped to 911,927 from 993,366 in 1974. Though the dollar value of overseas sales rose to $4bn. from $3.4bn., the loss on international operations grew to $46.7m. from $7.5m. in 1974.

Chrysler said that currency fluctuations had an adverse impact of $34.8m. on its after-tax earnings. It also said that it had exhausted its reserve for international operations by the end of last year.

£ in New York

—	Feb. 24	Previous
Spot	$2.0243-0249	$2.0250-0260
1 month	0.60-0.55 dis	0.61-0.56 dis
3 months	1.92-1.87 dis	1.89-1.84 dis
12 months	7.36-7.25 dis	7.17-7.07 dis

Lord Greenhill will visit Rhodesia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE GOVERNMENT yesterday sent a special envoy to Salisbury to hold exploratory talks with Mr. Ian Smith, the Rhodesian Prime Minister. The envoy, who left London last night, is Lord Greenhill, a former Permanent Under Secretary at the Foreign Office, who has had long experience of the Rhodesian problem.

The announcement of Lord Greenhill's appointment and departure was made in the House of Commons yesterday by Mr. David Ennals, the Foreign Office Minister with responsibility for Africa. Mr. Callaghan, the Foreign Secretary, who was to have made the announcement, is still ill with 'flu. The decision was welcomed by Mr. Reginald Maudling, the "shadow" Foreign Secretary, and Mr. Jeremy Thorpe, the Liberal leader.

Mr. Ennals said that the purpose of Lord Greenhill's mission was "purely exploratory." He would, he said, "try to find out whether Mr. Smith's attitude is now such that there is any real possibility of our helping to promote a settlement which would provide for an early and orderly transfer of power in Rhodesia."

Lord Greenhill was not taking with him any proposals, Mr. Ennals said, "nor will he be in a position to negotiate or take part in any substantive discussions about a possible constitutional settlement."

Response

The visit to Salisbury is seen in Whitehall as being a response to an initiative taken last week by Mr. Ian Smith, who in a special message to the Government indicated that he might now be willing to consider British involvement in settlement talks.

Lord Greenhill, who will be accompanied on his Salisbury visit by Mr. Tom McNally, Mr. Callaghan's political adviser, and Mr. Patrick Laver, the head of the Rhodesia department in the Foreign Office, is expected by the Government to provide an answer to two main questions.

The first is whether Mr. Smith's recent utterances reflect a real change of attitude on the issue of majority rule. In particular, the Government wants to know whether Mr. Smith is now prepared to agree to transfer power to an African government within a maximum of two years—the minimum terms which Mr. Joshua Nkomo, leader of the Rhodesia-based wing of the African National Council, has demanded in his current talks with Mr. Smith.

The second question concerns the role which Britain might play in any future settlement talks,

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were Mr. Smith to agree to speedy majority rule. It is being suggested in Government circles that Britain should take a more positive role only if Mr. Smith has had a real change of heart—a point on which there appears little optimism, either in Whitehall or in Westminster.

The decision to send Lord Greenhill — rather than a Minister or senior Foreign Office official—was apparently taken to emphasise to Mr. Smith that the mission is entirely exploratory. However, Lord Greenhill has a great deal of experience of Rhodesia. He took part in the 1971 Home-Smith talks in Salisbury and, as Permanent Under Secretary from 1969 to 1973, dealt with the issue for both Conservative and Labour Governments.

Lord Greenhill and his colleagues are expected to be in Salisbury for only two or three days. In addition to meeting Mr. Smith and possibly one or two

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LOMBARD

Questioning our export obsession

BY C. GORDON TETHER

"WHAT WE need now more than ever is people who sell abroad." So reads the caption over the current advertisement with which ICI is endeavouring to promote its public image by depicting the contribution it is making to bridging Britain's payments gap "by selling abroad at a rate of over £550m. a year."

At the risk of appearing to perpetrate the last word in economic heresies, may I venture to ask whether this proposition is as self-evident as such propaganda would have us believe. And ICI is, of course, merely echoing a theme that is featured in each and every official pronouncement on the country's economic situation.

Most countries have pursued export-oriented economic policies since it became the accepted thing to regard the expansion of international trade as being very much in the unmixed blessing class after the close of World War II. But nowhere has the *fashion* obtained quite such a grip on economic management thinking—outside official circles as well as within them—as it has in Britain.

Assured

Hardly a single Parliamentary voice has ever been raised in doubt. And almost any measure that could be shown to be calculated to make it easier for British firms to market their wares abroad has been more or less automatically assured of the approval of all the political parties, no matter what it was likely to cost in other directions.

Almost no questions have been asked in the House of Commons, for instance, about the wisdom of the Government's recent decision to increase materially the "cost-escalation" cover extended to British exporters concluding long-term contracts abroad—this although there are good reasons for thinking that this could eventually entail a major jump in the cost to the taxpayer of subsidising export traffic.

Not even the contention that, on the evidence, this orientation in our economic life was not doing us much good—in as much as it was leaving us as vulnerable on the external payments front as ever—has managed to bring it into question. On the contrary, the public has been invited to conclude that this was only because we were not striving hard enough to win foreign markets.

What I would like to suggest is that it is high time that we took a very close look at this obsession. For I have a feeling that, if we did, we might make two important discoveries. One is that some of the benefits it is supposed to confer are illusory. The other is that a significant part of the deferred payments business we are taking on so closely resembles giving our substance away—so much so that it actually constitutes one of the main reasons why we are experiencing so much difficulty in establishing our economy on a sound basis.

Taking the illusory aspect of the matter first, there can surely be little doubt that the emphasis that has been placed on constantly lowering the value of the £ to make our exports more competitive has often had the effect of making them quite unnecessarily cheap. How otherwise do you explain the fact that boatloads of Continentals now regularly visit the country to stock up in British goods, the savings they show on such purchases more than compensating them for the cost of making the crossing?

What this means is that the net benefit in additional foreign currency earnings we derive from making exports more competitive from excessive £ devaluation may well be very modest. Indeed it could even be that the increase in the quantity sold does not fully compensate us for the unnecessary drop in the yield from the goods we would have sold in any case. Bearing in mind how seriously devaluing the £ adds to our economic difficulties in other ways, this may well be bad business.

Economic cost

The deferred payments business secured through the provision of generous export credit arrangements, cost-escalation facilities and so forth may be very much worse. For, allowing for the cost of massive interest rate subsidies and for the fact that, thanks to the inexorable advance of inflation, the amount received in payment will often fall far short of the real value of the goods concerned, the economic cost to the country of much of this traffic must be considerable.

Is it not arguable, therefore, that we would often be better off without it—indeed that we cannot in our present straitened circumstances afford to subsidise the outside world in this way? Would we not be well-advised, in fact, to adopt a much more discriminating attitude to exports as a whole, paying much more attention to their real purpose—which is surely to make economic life easier for the home population to cope with rather than an endurance test.

SALEROOM — BY ANTONY THORNCROFT

Crippen items fetch £450

THE London salerooms were awash with interesting sales at popular prices yesterday. The most significant was Sotheby's disposal of Chinese works of art and export porcelain, which totalled £179,490, but the same auction room's book and manuscript sale, which put up letters from Crippen, perhaps had more general appeal.

Although the best lot in the Chinese sale, a rare "Compagnie-des-Indes" chicken tureen and cover, with many bright colours, sold rather below the price forecast at £7,000 to Hogg, the London dealer, the sale was generally satisfactory. A carved Imperial lacquer box and cover beat its target at £6,400; a large jadeite figure of a maiden sold for £4,600; a jade boulder carving realised £4,500; and a pair of octagonal "famille rose" dishes did well at £4,200.

The Crippen letters, and other items produced at the trial, were bought for £450, at the top of the price range estimated. The vendor was the stepson of Dr. John Burroughs, a friend of Crippen, who received a letter telling him that Crippen's wife had died in California.

The highest price of the sale was the £500 from Essex County Archives for a collection of over 300 papers relating to Essex and Suffolk. Items about Manchester and the cotton industry made £380, and some letters by Whistler £320. The LSE acquired two lots (for £110 and £85) relating to the early days of British socialism.

At Christie's, a James I (of England) gold sovereign sold to a private buyer for £1,800—a price comfortably above forecast. However, it rather shrinks in comparison with the £33,415 paid last week in Los Angeles for a Scottish gold Twenty Pound piece issued when James was just King of Scotland. This is a world record for a British coin, and it was purchased by Spinks for a private buyer.

Car mascots

Back at Christie's sale, a Henry VI noble sold for £1,400, and two George VI specimen coin sets of 1937 went for £1,050 and £1,000 respectively. The London dealer Hearn gave £1,000 for a Charles II five guinea piece of 1683. The sale totalled £29,818 and underlined the strength of the coin market.

There were two interesting sales at Christie's South Kensington. Motoring mascots and badges went for £7,989, and motoring, aeronautical, shipping, and railway pictures and literature, realised £20,124, in a packed saleroom.

As usual among the mascots, the glass Lalique figures fetched the highest prices—£460 for a falcon and the same sum for a Spirit of the Wind mascot. The pre-sale forecast was £200-£300.

A signed Lalique glass plaque carved with a naked archer sold for £400.

In a continuing strong market, rare motoring mascots are selling for about £50-£60, and the conventional items for about £25.

Among the pictures a Roy Nockolds 1931 painting of a Bugatti sold for £750 (well over double forecast), but the two most highly regarded lots, paintings of Le Mans and of engines by Terence Cuneo were bought in at £2,500 and £1,600 respectively.

These apart, the sale was a great success with the extraordinary prices of £230 for a silver ash-tray from a Rolls-Royce of 1926, and £180 for a silver car timepiece, shaped as a miniature radiator and dated 1927.

RACING — BY DOMINIC WIGAN

Border Incident can win

BORDER INCIDENT CAN WIN

IT IS unlikely that a starting price will be returned on this afternoon's Fairlawne Chase at Windsor, because last year's winner *Bula* has only the erratic Last Trick to beat.

Bula, who at 5-2 is just half a point behind favourite Ireland's *Brown Lad* in most Cheltenham Gold Cup lists, seems sure to win with the minimum of fuss provided that he does not make one of his rare jumping errors, such as that which almost certainly cost him victory in last season's Welsh Champion Chase won by Summerville.

John Francome, bidding for his sixth victory on *Bula* in 13 months, has several well-fancied mounts and I shall be disappointed if he does not also succeed in consolidating his position at the head of the jockey's table through the Richard Head pair *Border Incident* and *Stone Thrower*.

Border Incident at one time rated as a possible Champion Hurdle winner, has been showing fine potential in his schooling over fences and it will be a surprise to many if he cannot make a winning first appearance over the biggest obstacles in Div. II of the Curfew Novices Chase.

Stone Thrower, among the runners for the Div. I was not disgraced when finishing third behind Skyrne and Salviati in the valuable Scilly Isles Chase at Sandown a fortnight ago after losing a chance of winning with a blunder at the third from home.

WINDSOR

2.00—Socket
2.30—Windmill Boy
3.00—Bula
3.30—Stone Thrower*
4.00—Border Incident**
4.30—Setra

CATTERICK

2.45—Invergayle
3.15—Portacarron
3.45—Banlieu***
4.15—Barry John

Provided that he makes no major error here, *Stone Thrower* should not be hard pressed to gain his third course victory.

A fourth possible winner for Francome, now even money to gain his first championship, is *Bula*'s four-year-old stablemate Tarot in the Langley Hurdle. Here, however, I have slight preference for that game horse *Setra*, who ran on particularly well when giving Mandy Boy 1lb and a neck beating over this two miles in the Bearwood Hurdle five weeks' ago.

Another jockey with a promising looking afternoon is former champion Ron Barry, who will be in action at Catterick, where he seems likely to complete a double in the final two races through *Banlieu* and *Barry John*.

Banlieu, a 2½ lengths winner from Mr. Midshipman, from whom he was receiving only 5 lb at Leicester recently, is a reasonably confident choice for the Leyburn Novices Chase.

Looking ahead to to-morrow's Wincanton programme, Lanzarote is due to meet Bird's Nest at a difference of 7 lb. in the Kingswell Pattern Hurdle which Lanzarote won by a distance from his pace-maker, Calzado, a year ago.

Other likely starters here are Avec Moi, who has not been out since winning the Lloyds Bank Champion Novice Hurdle almost two years' ago and Lord David, a winner twice over hurdles in France.

Lord David, a high-class middle-distance performer on the flat in this country a few years' ago when trained by Staff Ingham, has joined Bill Marshall's Newmarket stable after an unsuccessful spell at stud.

GARDENS TO-DAY

In praise of privet

BY ROBIN LANE FOX

THE NEW *Dictionary of Shrubs in Colour* (published by the Royal Horticultural Society and Michael Joseph), costs £8.75. Many of the photographs are clear and some of the shrubs are too seldom grown. I do not think it is as valuable as the classic first volume, the *Dictionary of Garden Plants in Colour*, under the care of Roy Hay and Patrick Synge, a fatter and cheaper book which did more to rouse the interest of ambitious and inexperienced gardeners than was achieved by any other book, to my mind, since William Robinson's writings at the turn of the century. It is still a marvellous buy. I have a complaint about the new companion volume. It is not fair to the privet.

When I suggested last week that the privet deserved a new reputation, a gentleman from Carlisle wrote to say that he supposed I'd be seeing art in piles of bricks by the time the spring flowers were at their best. This is typical of our blindness to a beautiful shrub. We have clipped one variety into low suburban hedges and have despised it for its associations. "White privets fall, dark blueberries (probably) are gathered": so Roman poets warned their loved ones that their beauty was evanescent. China, Japan and neighbouring fields are the homes of the privet's best varieties. Yet we connect it with smutty bricks, homes where gloves are worn for doing the shopping and where the hedge is merely a nuisance which has to be cut.

Presence felt

When the Dictionary reaches L for *Ligustrum* (alias privet), it tantalises us with a snap of a privet in flower. Now, I have been pursuing unusual privets for the past three years, and last summer this flowering occurred in my garden too. Nobody knew what this white-flowered shrub could be. They *thought*, on a first sniffing, that it was rather stinky, but after a minute or two the sweetness of the scent came home to them. Such handsome leaves, and you say it will be evergreen? When I also said it would be a privet, their interest faded. But the plant had made its presence felt.

Next time you are in a bookshop, look at plate 272 of the colour shrub dictionary and ponder the prettiness of the Chinese privet. Falling panicles of white-ish flower, smart green leaves, a late summer season, a curiously attractive scent; this shrub is too good for clipping or for a mental association with soot. It is not evergreen, so I do not put it at the top of the privet lists. But John Scott of Merriott, Somerset, offer a grey-variegated form of this shrub which is pleasing me so much that I have just sent for two more bushes to brighten up the edges of a disorderly vegetable garden.

Hard pruning

Ash-grey is the general effect of this variety's leaves. The Dictionary remarks that all kinds of Sinense may reach a height of 20 feet, but can be contained. I am reckoning on six or seven feet for my bushes and I will be glad to control them by hard pruning in winter, I think, so that I can cut branches which are bearing their purple berries. These berries are most attractive and last for several months. How many shrubs will flourish on lime, flower abundantly in late July and bear berries in winter and elegant leaves throughout the summer?

A variation called Quihoui is particularly pleasant. I am not sure whether its charm is not partly due to the pleasure of imagining the likely personality of the Monsieur Quihou, of a French public garden, who discovered it. I imagine him, too, to have been tall, elegant and scented, a man with an eye for the quieter pleasures in gardening. This is only a projection of the plant's merits onto its discoverer. Quihoui is deciduous, upright, about six feet tall and white-flowering in August.

I have some new steps beside a French window and on either side I would like an upright scented shrub, not too tall and not scented at an inhospitable time of year. Reading the old gardening articles of the late Vita Sackville-West, a pastime which makes one ashamed to be writing so lamely on the same subject, I was bowled over by her frequent suggestions for this situation. A pair of bay trees, she suggested, to flank a path and be clipped, perhaps, into an arch; I think the frost would kill them here. Or an upright "spire"-shaped cherry, like the pink-flowered one called Spire: a most unusual idea, but I think I would prefer a scented shrub in the circumstances, and a cherry's leaf is rather dull. So I have chosen the privet called Quihoui because I do not want anything too tall. Please become accustomed to its scent before you follow suit. Once you have grown to like its heaviness, the comprehensive nursery of G. Reuthe, Fox Hill, Keston in Kent will probably still have stock of it.

These deciduous varieties are splendid, but they are not as splendid as the evergreens which retain their leaves. I include the golden privet (*Ovalifolium Aureum*) which is so popular for hedges. Left to itself, this excellent shrub will spread out to a height and width of at least five feet and will stand out in any company for its yellow-marked leaves. We make much fuss over new golden-leaved things like the Flase Acacia or the Gleditschia, neither of which is evergreen. Yet the old yellow privet is ignored, although it is equally bright, persistent and so easy to grow. There is a delectable silver-variegated form (Reuthe, again) which I rank with the silver box. But it is far quicker and more obliging.

Root from cuttings

Granted that *Lucidum*, mentioned last week, is the finest of all, a stately evergreen tree eventually or a large clipped pillar if you wish, there is much pleasure to be had, too, from the lesser variety, *Japonicum*, whose leaves are also a glistening dark green. Both bear white flowers; *Lucidum* is a common wild tree, they say, in China; *Japonicum* (one presumes) is common in Japan. They bear white flowers and are hardy, though *Japonicum* is not so tough. Like all privets, they root easily from cuttings. It is high time that we split them off from suburban settings. I wish the Dictionary had given them the mention they need, let alone a photograph of *Lucidum* when fully grown.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University. 9.15 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Teddy Edward. 1.50 The Mister Men. 2.01 For Schools, Colleges. 3.30 Day and Night. 3.58 Regional News (except London). 4.00 Play School. 4.25 Deputy Dawg. 4.30 Jackanory. 4.45 Screen Test. 5.05 John Craven's Newsround. 5.15 Kizzy.

5.45 News.
6.00 Nationwide.
6.40 Goodies Rule—OK?
7.30 A Song for Europe.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 News.
9.35 Sportsnight.
10.50 To-night.
11.25 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.30 p.m. Llon a Llwyd. 5.30-5.35 Fflwc! 5.35-5.45 The Clangers. 6.00-6.40 Wales To-day. 6.40-7.00 Heddiw. 7.00-7.30 Pobol y Cwm. 11.25 News and Weather for Wales.

Scotland—10.23-10.43 a.m. and 2.40-3.00 p.m. For Schools. 6.00-6.40 Reporting Scotland. 11.25 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.40 Scene Around Six. 10.40-11.10 Spotlight on what matters to people in Northern Ireland. 11.10 Northern Ireland News.

England—6.00-6.40 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham). Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

6.40 a.m. Open University.
10.20 Nai Zindagi Naya Jeevan.
11.00 Play School.
5.00 p.m. Open University.
7.05 On Union Business.
7.30 Newsday.
8.00 Gardeners' World.
8.25 Arena: Art and Design
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 Nana Mouskouri.
9.55 Just a Nimmo.
10.20 The Glittering Prizes.
11.40 Newsnight.
11.55 Closedown: Julian Glover reads "The Veiled Sitter" by Jack Clemo.

LONDON

9.30 a.m. Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Hickory House. 12.30 Mr. and Mrs. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Couples. 3.00 About Britain. 3.25 There Goes That Song Again. 3.35 General Hospital. 4.25 How. 4.50 The To-morrow People. 5.20 The Flintstones.

5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Man About the House.
8.30 Up the Workers.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 Sez Les Special.
10.10 News.
10.40 The Wednesday Special.
12.10 a.m. What the Papers Say.
12.25 We Matter.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Hogan's Heroes. 6.00 About Anglia. 12.10 a.m. The Big Question.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 ATV Today including Junior Police Five. 6.00 ATV Today II.

BORDER

12.30 p.m. Untamed World. 1.20 Border News. 5.20 Supersonic. 6.00 Border News and Lookaround. 12.15 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Supersonic. 6.00 Channel News. 6.10 Today in the Guernsey States. 6.25 The Amazing Chan and the Chan Clan. 9.00 Vision U.S.A. 12.10 a.m. Epilogue followed by News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Thrillseekers. 5.45 Police Newsroom. 6.00 Grampian Today. 12.10 a.m. Evening Prayers.

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Simon Bates. 9.00 Tony Blackburn. 12.00 Johnnie Walker, including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 5.00 It's DLT OK! 5.05 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

RADIO 3 464m, Stereo & VHF

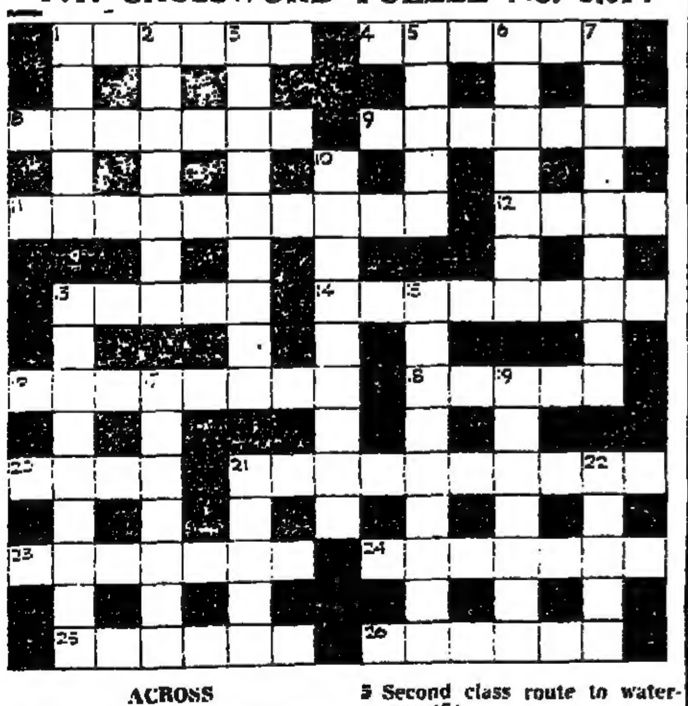
RADIO 4 434m, 330m, 285m and VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

F.T. CROSSWORD PUZZLE No. 3,014



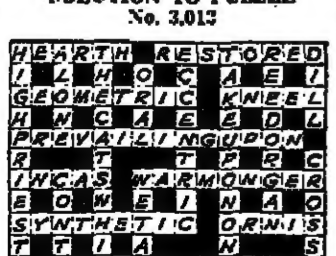
ACROSS

1 Gorge artist on grapes (6)
4 Most talented sailor in case . . . (6)
8 . . . pitching into another sailor on telephone (7)
9 Conduct in company taking Madeira's capital wine (7)
11 Race into lead to film a director (5, 5)
12 Vivacity found in some languages (4)
13 Stick up father's note (5)
14 Charm of Scott novel (8)
16 Singer makes accountant wave (8)
18 The majority about one get wet (5)
20 Inclined to be dishonest (4)
21 Reverie in railways' private writing room (5, 5)
23 Dumb Marxist willing to spear . . . (7)
24 . . . town making old boy turn violent (7)
25 Fate by which king is encountered (6)
26 Composition arranged during month by Exchange Telegraph (6)

DOWN

1 Rep dissociated from rebuke concerning fish (5)
2 Virginia has right to notes that are different (7)
3 Unrivalled and could be no plainer (9)
5 Second class route to waterway (5)
6 Ruler is first person to be upset by papers (7)
7 Name silver worker gives to shrew (9)
10 Recipient of correspondence that is finally dropped (6, 3)
13 After-dinner source of strain in the kitchen (5, 4)
15 Proverbial answer to the one and only fish (5, 4)
17 Marine creature takes a month to work (7)
19 Church music with short preface to it (7)
21 Drink to sound of disapproval (5)
22 Understand it is a number (5)

SOLUTION TO PUZZLE No. 3,013



ENTERTAINMENT GUIDE

OPERA & BALLET

COCHRANE THEATRE. 242 7040. Evenings 7.45 until Sat. Feb. 28. BALLET RAMBERT in COLLABORATION THREE. Workshop Season. Three Programmes. 10 New Ballets.

THEATRES

GREENWICH. 858 7755. Prevs. Fri & Mon. 8.0, Sat. 2.30 & 8.0. Opens March 2 at 7.0. Subs. 8.0. Mat. Sat. 2.30. THE BELLS.

HAYMARKET. 930 9832. Evenings 8.0.

THEATRES

VAUDEVILLE. 836 9988. Evgs. at 8.00. Mats. Tues. 2.45. Sat. 5.00 and 8.00. Margaret LOCKWOOD. Paul DANEMAN and Barrie INGHAM. DOUBLE EDGE.

CINEMAS

CLUBS

'elevision

Words, words, words

by CHRIS DUNKLEY

The Americans were the first replace the traditional lone ws reader with a two-man m, and in the U.S. in the six-s, Huntley and Brinkley came as famous as Astaire and gers. ITN followed the Ameri- lead, and in the end even BBC capitulated and started wo-headed *Nine O'Clock News*. Now the trend in America is k to the single presenter, and March 8 the BBC will again low in American footsteps and ntroduce the single news der. However, while the erican movement is towards a re "personalised" news (a letin written and read by presenter in his own particu- style) it seems from the C announcement that their nges will be in the other direc- —towards a less idiomatic less sloppy style.

ndrew Todd, recently ointed editor of BBV TV vs and the man responsible the changes, said "I have n been troubled by sloppy and abuse, of the English guage on television. I want cut out some of the cliches h as people being 'gunned n' when they were shot d. Television news can, I sure, have a considerable in- nce in improving television guage."

think he is right, and I think idea of deliberately using the s bulletins to set a high dard of spoken English is an llent one. After all, the BBC a long way to go to make up the violence that is done to superb language, day in, day on Radio 1. While setting an execrable example at lower end of the scale, the t the Beeb can do is attempt st a better one at the higher

r. Todd might watch with icular care for three words h broadcasters habitually unnecessarily: situation, d and environment. On BBC programmes in the past week I have heard "being in a commune situation" when it was clear that "being in a commune" was the intended meaning: "added advantage" and "added bonus" when "advantage" "bonus" were intended; and "life in a family environment" when "life in a family" was intended.

Most of his other ideas sound sensible—reducing the verbiage emerging from the news readers' ears, shortening specialists' titles, and so on—but I am sad to hear that Richard Whitmore is to go back to reporting and cease news reading while Angela Rippon becomes one of the four regulars (Richard Baker, Kenneth Kendall and Peter Woods are the others) to take turns with the news on their own. Even if he's not a woman, Whitmore is the better news reader.

*

I watched the whole of London Weekend Television's *Bouquet of Barbed Wire* because I will watch anything with Frank Finlay in it, though his abilities seemed little enough tested by this odd serial. I watched with a certain fascination, as one might watch traditional Japanese theatre, caught by the internal dynamics of the thing but never properly involved, never feeling any real sympathy. There was here none of the universality of experience which characterises successful art.

Paradoxically it was just such universality which it seemed was being sought. Desperate attempts were made to plumb the depths of emotion, and all the symbols were there: tears, chagrin, anger, hate, love, embarrassment, very occasionally laughter. Yet none of it carried conviction.

The final cry from the supposed heart—"Oh for God's sake! We're all to blame, we're all guilty, and she's *dead!*"—typified the unconvincing nature of the entire production because Prue had not died (as you might have imagined from such a heartfelt cry), abandoned in the gutter and ravaged by meths drinking; she died, husband and baby in attendance, in a nice hygienic hospital, of pulmonary embolism. It was difficult to understand why the family were supposed to blame themselves for that.

*

Another LWT series which ended its run last week but which should continue throughout the year was. *The London Programme*, presented by Godfrey Hodgson. It has had some remarkable successes (or at worst near-successes) where so many others have failed: it has actually generated a feeling of identity with London: it has made an important contribution to the public's access to broadcasting by trying and abandoning the amateur-film-night approach and developing instead its television equivalent of a letters column; it has found an efficient female reporter, Yvonne Roberts, who has a clear voice, good looks (which is more than can be said for some of the programme's male reporters at whom we have had to look for considerable lengths of time) and who does not titter, simper or smirk.

Perhaps *The London Programme* has devoted a disproportionate amount of time to dockland and South London, but I suppose it was time someone evened things up a little. Somehow the programme has convinced me that it is on my side —whatever that is.

*

Lord Brown's letter in this paper about the BBC *Man Alive Report* on capital transfer tax has attracted an unusual number of replies. Most of them have been about the tax, however, and what interested me was Lord Brown's attitude to television.

"This type of unbalanced programme should not be permitted," he wrote. "Joel Barnet should have been present throughout the programme to meet the constant stream of biased opinion which emerged. There should have been equal numbers of people for and against this tax."

Does Lord Brown believe that there should be equal numbers for and against everything on television, and if not who should decide when to have equality and when not to? Should there be equal numbers of people for and against socialism in all political programmes? For and against communism? Equal numbers for and against IRA bombing campaigns? For and against God? For and against uncontrolled Alsatians that attack children? For and against income tax?

To members of the Flat Earth Society any story about Columbus is presumably a stream of biased opinion: should Flat Earthers be given equal time on schools' programmes?

I suspect that Lord Brown no more believes in universal balance than anybody else does: I suspect that he has simply found a new way of saying what Sir Peter Masefield said when he was chairman of the British Airports Authority: "The world is divided into two sorts of people: those who agree with you—and the blind, ignorant, prejudiced fools."

The danger of Lord Brown's letter is that it adds fuel to the belief that television could, if it did but try, produce programmes which would, individually, satisfy the entire audience. That belief is dangerous because it is a fantasy. The best we can hope for on any subject—politics, economics, religion, the shape of the earth—is "balance" between programmes over a period of time.

Though it used the umbrella title *Red Letter Day*, Granada's series of seven plays which ended disappointingly with *Bag Of Yeast* on Sunday cannot be assessed as a whole since the plays varied so greatly. It must not pass, however, without mention of C. P. Taylor's *For Services To Myself*, in which Alan Dobie played the Socialist teacher offered an OBE, Gwen Cherrell played his wife, and one was able to believe in the two of them completely as a married couple. It was certainly the best play on television so far this year, and I doubt whether it will be challenged often in the next ten months.

It says much for the strength of Taylor's main theme and the superb acting of Dobie and Cherrell that the play succeeded in spite of being chopped up and rearranged so that it was never quite clear whether a scene was supposed to post or ante date the previous one. This sort of messing about, reminiscent of William Burroughs's "cut-ups," seems to me ludicrous. Nothing is added to the totality of the play (except a spurious "complexity") and detail and some coherence is lost. To do it to a bad play in the hope of disguising its badness would be understandable. But to do it to a good play such as this was simply absurd.

The teacher's dilemma survived nevertheless: whether to preserve his integrity and refuse the honour, making a purely personal "protest" since the offer of the honour was privileged information; or to accept it for the sake of the weight it would lend to his fight to save the youth club, and the pleasure it would give his wife. The Taylor/Dobie portrait of a man rationalising and equivocating his way to Buckingham Palace to accept an honour epitomising the politics he opposed was masterly.

Leonard Burt

Frank Finlay and Jill Bennett in John Osborne's new play 'Watch It Come Down,' which opened last night at the Old Vic

Jeannetta Cochrane

Collaboration Three

by PETER WILLIAMS

How fitting that the prelude to Ballet Rambert's 50th anniversary celebrations should be a workshop in which no less than 10 out of the company's 16 dancers are given stage for choreographic collaboration with students at the Central School of Art and Design! It is carrying on the traditions of the Ballet Club when, in the early 30s, Dame Marie (88 years young last week) guided the faltering steps of Britain's first-generation choreographers — Ashton, Tudor, Howard, Staff and Gore in conjunction with designers, Sophie Federritich and Hugh Stevenson. It is also bringing reality to the dream of Jeannetta Cochrane, who taught me everything I know about costume design at this same school 35 years ago: she would talk to me for hours about her hopes for a theatre attachment where students could work with professional artistes, a hope sadly not realised until long after her death.

It is hard for dance companies, continually on the move, to spare precious time in developing choreographic talents but Ballet Rambert has hit on a solution by instigating every three years or so such collaborations in a rather concentrated form. Several creators have emerged from previous events, notably Christopher Bruce, and it is possible that there will be more from the present lot, five of whose creations were shown on Monday (the other five are being given later in the week).

What usually happens in these workshops is that the young entry show either an aptitude for original ideas or for writing steps; seldom are both skills combined in one work and the welding should come later, with the help of directional guidance. In the present instance, the one thing that shone out good and clear was that all of them could write steps, albeit in the school of Glen Tetley, not unexpectedly since his work was mainly responsible for inspiring the form that Ballet Rambert has now taken. In this respect, Blake Brown's *Steppes* to Tony Scott's "music of Zen Meditation and Other Joys," was rather predictable. The slow-motioned interchange between two couples —Sylvia Yamada with Bob Smith, Catherine Becque with Nicholas Carroll—looked as though it was all happening under water.

More terrestial was Judith Marcuse's *Four working songs* when four girls (Becque, Julia Blaikie, Lucy Burge and Sally Owen), in identical brown dresses excellently designed by Spyros Coskinas, went through work phases which included manual and factory labour. Particularly interesting was the way in which Marcuse related the movement of hands and arms to the rest of the body. It worked well with Carlos Miranda's commissioned score which, with its use of children's voices and other sounds, seemed rather too sub-Stockhausen to be totally successful.

Another commissioned score from Miranda, and a very beautiful one, for Julia Blaikie's *There is a dream that is dreaming me* in which five people play and make love on the seashore with one of their number always appearing to be left out: in the end Marcuse runs around the stationary quartet and it would seem that it is all just a memory of something past. Blaikie has a most mature sense of writing and particularly fine was a lyrical duet for Yamanda and Scoglio. I couldn't help feeling that the piece was rather derivative of a work which Ruth Bruce created for the company a few years ago—*Ducts*.

Up to this point there was a similarity of mood and style in all the pieces and most of them could have done with certain pruning. The tempo changed abruptly with Sally Owen's *two minutes and fifty seconds in the life, times and ultimate rejection of ullu kaibile*, which only took a little longer to play than the title does to pronounce. It is a tight and amusing revue sketch in which the jerky choreography to the New Orleans Wanderers in "too tight blues," gave the impression of early silent movies. Blaikie was delicious as the near-static lady who lost her lover, Leigh Warren, to the casually passing Sylvia Yamanda.

Choreography and idea came closest together in *Firations* by Zoltan Imre, the only male in this otherwise distaff quintet of choreographers. It was about violence and how the punchbags we all need to work out our violent emotions upon, represented by four pendant sacks can eventually take over until we become the same victim of our own aggressive spirit. In the beginning the catalyst is Lucy Burge who incites five men, resplendent in scarlet boxing gloves, to violence: later she is killed and Corinne Bougaard takes over. To Richard Crosby's sound collage of Tibetan Buddist Music this is an effective piece in which Imre has devised some fascinating groups for the men with each of the girls; the lively movement is mainly inspired by what goes on in the boxing ring.

If all the works shown are unlikely to be developed for greater permanence, there are certain possibilities in at least three of them and they all had the advantage of being marvellously danced by the Rambert Company. It was encouraging that design students are now working in simpler forms and with greater emphasis on imaginative lighting. This kind of collaboration should become an essential part of every dance company's work.

isgow Citizens'

Mirandolina

by MICHAEL COVENEY

bert David MacDonald has d Goldoni's delightful dy from Florence across to ce, where it was first per- ed in 1753. Mirandolina, her r lately dead, is running a na on the canal and fighting he attentions of a couple of bling aristocrats of dubious ge. The count and the uis give Mirandolina double for the man-baiting stance dopts from curtain up: they her contemptuously as both nt and sex-object. The thrust parry of the action is guingly complicated by the nce of another guest, a id baron (here referred to avaliere") who, like Shakes- 's Benedick, will have ng to do with women.

fact, Mirandolina is fully t on marrying Fabrizio, a nt in her command, in d with her father's wishes. irst she must sort out the from the ploys, and this she in a series of beautifully ructed comic scenes. The is a challenge to a company noted for the more tradi- l virtues of high comic ng, and they rise to it with r, if not always ideal pre- . Suzanne Bertish is a ttish and sympathetic ne. David Hayman a ior cavaliere with unex- d access to moods of slow- ng hysteria, Laurance Rudic paty, apple-cheeked count. t the chief glory is Jonathan Hyde's mottled, seethingly demure marquis. His sponging, careful gait leading to abrupt, painfully negotiated conclusions of leaning despondency; his fluffy, poodle wig above a jaundiced, furrowed brow; the crooked nose, the crooked grin, the crooked knees; the general, crooked style yields wonderful extensions of an inner woe never to be vanquished. For one gorgeous moment it looks as though he might end it all by jumping down the well; but the count's arrival and his own entanglement with the washing line conspire against him.

Mr. MacDonald has restored the scenes with two spurious lady gentry (omitted in most English versions available) in his own spirited translation, the rest of the play being given in the Penguin version with occasional quotations from Shakespeare, Webster, Lerner and Loewe. Philip Prowse's set is dominantly grey, the inn's exterior walls climbing out of sight covered in countless sheets of newspaper, a sea of printed graffiti. The colours filling the stage graduate from powdered grey, through soft pinks and browns, to the determined deep blue of Mirandolina's gown. And Act 3, with housework to be done, is grandly complemented by a striking plethora of unironed sheets. A buoyant, enjoyable evening.

Hampstead

You'll never be Michel Angelo

by B. A. YOUNG

It would be an exaggeration to say that I knew exactly what Roger Milner was driving at in his new black farce. Clearly—well, fairly clearly—it is concerned with the relative standing of science and art. Zooming in closer, I discerned—well, I thought I discerned—a disapproval of contraception, a positive hatred for mechanised transport. Sir Benjamin Panton, his scientist, ends with a knighthood, a Nobel Prize and a beautiful mistress. Percy Machin, his artist, is an all-time loser.

"I can't hope to make matters easier by offering a synopsis. Briefly, what happens includes these things: Percy (Nicholas Le Prevost) is Sir Ben's lab assistant, but his ambitions are to write a novel or to be a concert pianist. He is also in love with Sir Ben's adopted daughter Patience (Sharon Duce), and goes to live with her, approved by both his employer and Lady Margery Panton. His novel is a flop; he briefly and unexpectedly becomes a curate in the Church of England.

By Act Two, he has become a concert pianist; but meanwhile Patience has left him for Sir Ben, while their son, Roland, IQ of 197, is independently making his fortune with television commercials and acting. At a concert in the buffet at Southampton Station, Margery falls dead as a train accident takes places outside. She is tactfully hidden in Sir Ben's spare bedroom while he gives a dinner to celebrate his award for inventing Reproflavin 3, his super-contraceptive, and makes an elegant speech to the Queen, the Prime Minister and the other distinguished guests. Then he finds himself sinking on the Titanic. Margery is resuscitated, no hard feat in this world; Roland (played by a ventriloquist's dummy) has been decapitated by Sir Ben and only has to have his head put back again to go on to theatrical prodigies.

If this sounds difficult to follow, I can make it worse. All the action takes place in Sir Benjamin's elegant drawing-room (designed by Mary Moore), and time switches to and fro somewhat confusingly. I now believe that all the action is really taking place in Sir Benjamin's head as he makes the speech with which he begins and to which he from time to time returns. If I were to see the play again with this in mind (it didn't occur to me until after I'd left the theatre) the course of events might seem more explicit.

As it happens I would be delighted to see the play again if I had the leisure, for much of it is very funny indeed and under Jon Amiel's direction it is most ably acted. Sir Benjamin is played by Robin Bailey in his most patrician vein, and he is expert at timing comic lines, of which he has plenty. Mr. Le Prevost is another dexterous player of comedy; he displays much subtlety in his various metamorphoses and plays, or appears to play, Grieg and Liszt and Chopin like a Rubinstein. Sheila Steafel as Margery has little to do but laugh, and Sharon Duce as Patience need not be much more than beautiful, but both fit admirably into the pattern.

The play is full of ingeniously contrived situations. Its ultimate effect is of looking at patterns through a kaleidoscope, all built up from the same staples but changing abruptly into new arrangements whose exact relationship to the previous patterns can't at once be devised. It gave me a good deal of pleasure; and now and then a line stung like a wasp. The charge that Sir Ben had ensured Percy and Patience a son who would have only sterile descendants, almost thrown away; and a parenthesis from Sir Ben of especial impact last night—"Another wretched lorry has run over another family saloon."

:abeth Hall

Electronic music

louble-concert jamboree of : on tape was what the Lane Group offered Monday evening, and an orating occasion it was. d music in concert has been ised for its lack of visual l, but this need be no draw- when the works played enough interest of them- , as most of those heard is programme had. Also, onic playbacks in public essential when four- nel reproduction remains a whether of hope or dismay, most of us. Stockhausen's g der *Jünglinge*, for ple, is a great deal more elling, even overwhelming, full-dress version, hurling insinuating sound from all ers.

ckhausen indeed, stole the on Monday, as he is so apt : *Gesang* was much the of the tape-only pieces in rst part; *Kontakte* brought the evening to a magnificent conclusion, with Ronald Lumsden and Gary Kettel an astute pair of sound-trappers to seize the electronic noises and bring them to earth as familiar tones on piano and percussion. But there were other old favourites too. Ligeti's *Artikulation* spluttered, whined, jabbered and meanly whispered in its witty mimickings of modes of speech. And Mario Davidovsky's *Synchronisms 6* moved with adroit panache in this performance with Lumsden at the piano.

All of these works avoid the dead, clean gloss of much electronic music by bringing in more "human" sounds, whether from live musicians, from a recorded voice (*Gesang*) or by allusion (*Artikulation*). If a composer is, on the other hand, to keep his electronic work "pure," he had best capitalise on this quality and use the medium for creating intricate structures of refined sonorities. Eric Graebner's *Epiparanakta* and Jonathan Harvey's *Time Points* both exemplified this approach, the latter being a particularly beautiful and intelligent essay in clear, coherent serialism of the Babbitt variety. Jean-Claude Risset's *Mutations I*, also for computer-synthesised sounds, had more of insouciant drama about it. Beside these three, Denis Smalley's *Slopes* seemed composed on too crude a scale, though some of its bold growths were arresting.

The two newest compositions were Berio's *Chants parallèles* and *Rendezvous* by Stanley Haynes, the moving spirit behind these concerts and the founder of the enterprising Experimental Arts Productions. Berio's piece is extravagantly long; one seemed to be waiting for the parallels to meet. It holds a lazily undulating, euphonious chord, and throws on to it crowds of more definite sounds: a cream sponge with walnuts. *Rendezvous* is at once an encounter between a violin (here played by Irvine Arditti) and electronic apparatus, and, less impressively, between Haynes's music and the great violin concertos of the past.

PAUL GRIFFITHS

BBC Studio 1, Maida Vale/Radio 3

Stephen Reeve

by MAX LOPPERT

The third in the BBC Symphony Orchestra's Monday Round House concerts took place at the Maida Vale studios. Though exact explanation was not offered, the change of venue must presumably have been occasioned by the difficulty of setting up at the Round House the new piece of the evening — Stephen Reeve's . . . *aux régions éthérées* . . . with its three instrumental ensembles. Having taken the trouble to attend to the needs of the music with care and concern, the BBC then forfeited our admiration by dropping the last two sections of the piece. Why? And why was no warning announcement given? Serious comment will have to wait until . . . *aux régions éthérées* . . . is presented in full.

Which is fortunate, for as heard on Monday under David Atherton, it made a scrappy, disjointed impression. The title is taken from Baudelaire ("I know that in the ethereal regions of true poetry, Evil no more exists than Good"), an image, apparently, for the variations on and explorations of the natural harmonic series that Mr. Reeve has constructed. The start is striking, full of promise: a C in the depths of the orchestra, gradually built up by successive notes of the series, like a *Rheingold* Prelude with a seventh. But promise is soon dissipated in the following sections, tossing around shreds and patches of textural colour, sometimes briefly engaging, mostly etiolated and haphazard. The music seems made, heard, but not (the old cliché) felt. With the sight of the usual BBC Symphony Orchestra brass players snorting into their instruments with laughter during the performance one wanted to love the piece; but it was hard to.

The programme also offered performances of Hugh Wood's Chamber Concerto, and, after the interval and an excellently pointed and purposeful spoken introduction by Mr. Wood, Dallapiccola's last completed composition, *Commiato* (1972) for soprano (Jane Manning) and chamber orchestra. Wood's other music, even after fairly limited acquaintance, encourages in the listener certain expectations: of a succinct, cogent intellectual wit that does not preclude seriousness, of an always attractive dry asperity of sound. The concerto, first given in 1971, new to me, contradicted most of those expectations, not least in the jazzy, playful solos out of which its second movement is made, and the shiny brightness of the finale. The styles don't seem to hang together; but there is bracing liveliness in its sections, and, in the slow elegy (for Roberto Gerhard), a bold, rhetorical emotionalism.

Fine, taut performance—Mr. Atherton inspires confidence as few other conductors of contemporary music; the Dallapiccola was even finer, with a pure, easy floating of the taxing (but always exquisitely "vocal") soprano line, and great tenderness in weaving the restrained balanced, hauntingly spare instrumental textures. This was the Modern Classic of the evening; and, coming at the end of the present programme, the simple perfection of its aims and their fulfilment was almost embarrassing.

Lorin Maazel indisposed

Due to the illness of Lorin Maazel, the New Philharmonia concerts in the Royal Festival Hall on February 28 and 29 will be conducted by the young Spanish conductor Jesus Lopez-Cobos.

WORLD TRADE NEWS

Polish motor industry to boost exports to the West

BY TERRY DODSWORTH

WARSAW, Feb. 24.

THE POLISH motor industry, now in the middle of a large-scale increase in production capacity, is planning a substantial expansion of its exports to the West.

Its programme includes an unprecedented new venture in the U.S., the establishment this year of an annual assembly facility for 1,000 cars in Ireland, and the expansion of sales in the U.K. from about 2,000 cars last year to about 6,000 in 1980.

These exports are designed to counter-balance increasing imports from the West, which are centred on heavy engineering products and have recently included a batch of 100 Vauxhall Chevette cars, the first significant exports of U.K. vehicles to the country for several years.

Polski-Fiat, licensed to make the old Italian Fiat 125 model, now phased out in Italy, will remain the main vehicle for the attack on overseas markets, exporting a little over half its annual production as this increases from the present 120,000 units a year to 160,000 by the end of the decade.

In the U.S. the company is aiming at an export target of about 8,000 models a year, small by Western standards, but highly significant in Eastern Europe since it would be the first venture by the Comecon motorcar industry into the U.S. market. The plan has been under consideration for about two years and Polski says that tests on the 125 engine suggest that it can be readily adapted to meet the stringent U.S. exhaust emission regulations.

The company believes that it will take about another year to put through the necessary production reorganisation in the Polish factory to meet these emission tests and the other U.S. regulations on crash safety.

It is believed that the Russian Lada car factory, which also makes a former Fiat model (the old 124), has similarly looked at the possibility of exports to the U.S., although no decisions have been taken.

Israel to open Wankel plant

By L. Daniel

HAIFA, Feb. 24.

PRODUCTION OF Wankel engines will be started at Carmiel near here in temporary premises by Savkal, the Israeli-American licensee, in April. Output in the first stage will be 50-100 air-cooled, 30-hp gasoline engines a month, until the bigger plant on an adjacent site is ready for production at the rate of 100,000 engines a year by 1977. The bulk of the output is intended for export with turnover, at present prices, seen at $50m. annually.

Hoesch pulls out of Australian steel plant

TOKYO, Feb. 24.

ESTEL HOESCH Hoogovens, the Dutch/West German steel concern has pulled out of the proposed $A3bn. multinational project to build a 10m. tonnes a year steel plant in Western Australia. This was announced to-day by Mr. Jack Anderton Broken Hill Proprietary's general manager for steel planning and development, who chaired a two-day meeting here of participants in the project.

An Estel Hoesch spokesman in Germany confirmed that the group has pulled out of the project, explaining that the company did not feel that the price of steel produced by the proposed Australian plant would be low enough.

Mr. Anderton said that the 10 remaining partners have decided to postpone a decision on the venture for up to a year to see if changed steel market conditions permit them to go ahead.

Mr. Anderton added that the surplus world steel making capacity and low profitability of steel companies rule out the project at present. He also cited a sharp increase in costs. One specific cost factor of "special concern" is shipping rates on the Australian coast, which increased quickly to extremely high levels by world standards, Mr. Anderton said.

The number of participants in the venture was earlier cut from 13 by the withdrawal of two U.S. companies—National Steel and Jones and Laughlin—which decided they were busy enough financing domestic expansion programmes, he said. But Mr. Anderton stated that if a decision were eventually taken to go ahead, the number of partners could rise again, since several other companies from Europe and Australia had expressed interest in joining the project.

The present participants comprise five Japanese steel makers—Nippon Steel, Nippon Kokan, Sumitomo Metal Industries, Kawasaki Steel and Kobe Steel—as well as BHP and Pilbara Iron of Australia, British Steel Corporation and Guest Keen and Nettlefold of the U.K. and American Metal Climax of the U.S.

Reuter

Export credits agreement

BY DAVID CURRY

BRUSSELS, Feb. 24

OUTLINES OF an agreement on controlling export credits have been reached between the Common Market's four major exporting countries and the U.S. and Japan. Talks in Paris between the four EEC countries which participated in the Rambouillet monetary summit meeting — France, Britain, Germany and Italy — and the U.S. and Japan have apparently succeeded in putting together a minimum range of floor rates on credits and at least shadowing in some controls over combining export credits and financial aid in single packages.

The conduct of the talks within the context of the Rambouillet declaration, which specifically committed participants to seek a "gentlemen's agreement" on export credit limitation, neatly side-steps the demand of the European Commission that EEC states bow to a European Court of Justice decision which puts the export credit area within Commission competence. Although no formal reaction has come from Brussels, the Commission is likely to argue that it should put its seal of approval on the agreement to establish its right to carry ultimate responsibility for this matter.

The Commission's claim is meeting direct opposition from the French and is receiving scant endorsement from the U.K. and Germany who are arguing that legal tussels should be postponed. However, the smaller states attach far greater importance to export credit harmonisation within the EEC because they see a threat to their own exports in the constant multiplication of credit facilities offered by the bigger countries.

The details of the agreement reached in Paris are scanty, but it is thought that a 7½ per cent. floor rate will apply to medium-term credits from two to five years with a minimum 8 per cent. rate for poorer countries on longer credits and higher rates for the more well-off buyers, assessed on the GDP per head basis.

If these reports are accurate it would mean an end to the very low interest rate credits for countries like the Soviet Union, although the expectations of what is to be gained from long-term financing deals with the USSR, linked to raw materials exploitation, have clearly declined recently.

The downward movement of interest rates has also made it easier to agree the outlines of a common rate structure.

The agreement provides for limitations on maturity of loans, depending on countries, within five to 10 years—the longer credits being available for the poorer countries. It also seeks, apparently, to bring some order into the controversial area of credit mixte: the system of linking long-term loan finance with export credits. Reports suggest that the agreement provides for consultation when the grant element is less than 15 per cent. of the financing, prior notification between 15 and 20 per cent., and notification after the event if the grant element is between 20 and 25 per cent. Above this the deal would fall outside the agreement.

Sectors covered by special agreements—like aircraft, ships and satellite ground stations—are excluded.

The last big round of "gentlemen's agreement" talks was last spring when the main obstacle was French dissatisfaction with the rate structure and consultation procedures proposed.

ECGD new business drive

BY MARGARET HUGHES

THE Export Credits Guarantee Department has just published a promotional booklet "Market the World with ECGD" which it is mailing to some 1,000 exporters which are not already policyholders.

This is the first time that ECGD has undertaken a promotion of this kind, which will be followed up by a telephone sales campaign. Since the department is run on a commercial basis, the aim is to step up business so that premiums can be kept down. The amount of business covered by the department has already increased considerably—1974/75 showing the largest ever percentage rises. Total exports insured by ECGD rose by 38 per cent. to £4.79bn., while advances of short term export finance backed by the department rose by 42 per cent. to £1.90bn.

The booklet outlines, in a practical way, the services provided by ECGD—namely insurance (and the risks covered) and help with export finance, including such recent additions as performance bonds and cost escalation. Drawing on case histories, it emphasises how these services and the general guidance provided by the department have helped exporters improve their business. It also details the different types of companies which could benefit.

Combustion Engineering Iraq contract

STAMFORD, Conn., Feb. 24.

COMBUSTION engineering has announced that a joint venture of its C-E Lummus subsidiary and Thyssen Rheinstahl Technik of West Germany have signed a turnkey contract with Iraq for a petrochemical complex to be located near Basrah, Iraq. The contract price is in excess of $1bn., the company said, and provides for design, supply and construction.

The complex using C-E Lummus ethylene technology will produce 150,000 tons a year of high and low-density polyethylene and PVC as well as 40,000 tons a year of caustic soda, with completion scheduled within five years.

AP-DJ

Britain lifts Thai air ban

BY OUR OWN CORRESPONDENT

BANGKOK, Feb. 24.

BRITAIN TO-DAY removed a ban imposed at the beginning of the year against Thai carriers lifting passengers from Hong Kong to Japan after the British ambassador here, Sir David Cole, signed an agreement with the Thai Communications Minister specifying an overall limit of 7468 seats per week for both sectors between Bangkok through Hong Kong to Japan.

The Thais have been given two weeks to divide the total between their two rival airlines, Thai International and Air Siam, and the Finance Minister, Boonchu Rojanasathien has set up a committee under his direction to implement the agreement. Employees of Thai International, however, have threatened to-day to go on strike against an earlier cabinet decision to allow Air Siam ten seats to every three for Thai International on the Hong Kong-Japan run.

The agreement is the outcome of a compromise arrived at in London earlier this month which allows the Thais around 900 seats above the ceiling which the British have previously been bargaining for. However, a spokesman at the British embassy here sees the main achievement of the negotiations as the formal recognition by the Thais that future seating capacities will be discussed and agreed upon by both sides.

The present capacity levels are valid until the end of June 1977 when they come up for review.

Trans-Sahara to Nigeria

By James Buxton

A REGULAR transport service to Nigeria using the trans-Sahara route is to start next month, according to the operating company Seevar Projects U.K. The service is to operate to Kano in northern Nigeria and promises a journey time from the U.K. of 15 days.

Lorries using the route will go to Algiers via the roll-on roll-off ferry from Marseilles. In Algiers the goods will be unloaded into special desert trucks operated by the Algerian Societe Nationale Transports Routiers (SNTR), with which Seevar has signed an exclusive contract for one year. SNTR will operate weekly convoys of 200 to 350 tons, taking ten days to reach Kano. There the goods will clear customs and be forwarded to other destinations in Nigeria within 24 hours, Seevar claims.

SNTR, which insists on operating all services across the Algerian stretch of the Sahara desert partly because of the pressure on fuel and water points, has long experience of the route. Seevar believes it will monopolise European trans-Sahara traffic being handed over to SNRT and thus dominate the shortest overland route to Nigeria.

The most important question is how the new service competes in speed and cost with its main rivals—roll-on roll-off shipping services to West African ports and air freight and air charter services. Seevar quoted about £7,000 for a 20 tonne load to Kano, and about £8,000 for Lagos. Ro-Ro rates to Lagos using either Nigerian or Ghana ports are around £4,000 for 20 tonnes, with Kano about £5,000, but Seevar claims that it can offer greater speed because customs clearance at Kano is much faster than Lagos, being less congested. The air freight rate to Lagos is about £9,600 for 20 tonnes and air charter is about £7,000—but both can be subject to serious delays in clearing customs.

● Nigeria opened its ports, airports and borders yesterday after they had been closed for 12 days following the abortive coup attempt on February 13. The first British Caledonian flights for Nigeria were due to leave Gatwick last night.

AMERICAN NEWS

Carter makes primary election gaff

BY JUREK MARTIN, U.S. EDITOR

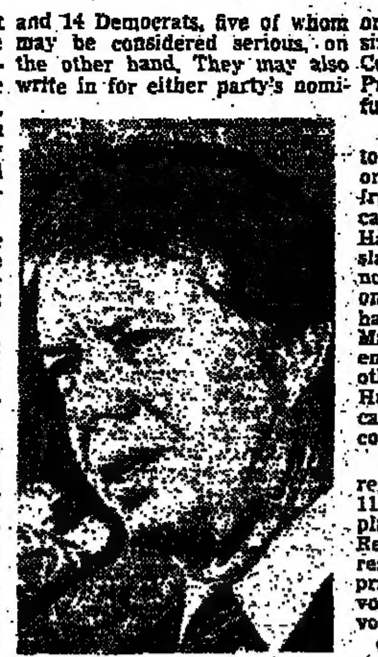
MANCHESTER, NH, Feb. 24.

JIMMY CARTER may have put his foot in it last night on the eve of the New Hampshire primary elections. In the course of a debate in Boston, Mass., he said in reply to a question that he would probably do away with the tax deductions allowed to home owners on their mortgage interest.

To be fair, the Democratic hopeful said that this would be just one part of a comprehensive tax reform he would institute as President, details of which will be unveiled later this year. His advisors say that this plan would not single out the American home-owner for inimical treatment.

But his political opponents are unlikely to be that charitable, especially since he is emerging as the man to beat in the Democratic Party. His obvious weakness is a tendency to equivocate on issues; should he be seen to change his mind on this highly sensitive matter he may find himself in trouble. It is only too easy to imagine the scare stories that his challengers might spread around.

The New Hampshire primary itself to-day consists of two parts: there is a straightforward Presidential preference poll, in which the voters are asked to choose between the two Republicans, President Ford and Ronald Reagan, on the one side, and 14 Democrats, five of whom may be considered serious, on the other hand. They may also write in for either party's nomination the names of candidates not listed on the ballot paper.



Mr. Jimmy Carter

At the same time, the Republicans will be choosing a total of 21 delegates that New Hampshire will send to the Republican convention in Kansas City in August. Of these, 15 are chosen on an at-large basis, the other six split between the state's two Congressional districts. Only the President and Mr. Reagan have full delegate slates running.

The Democrats will select a total of 17 delegates, nine from one Congressional district, eight from the other. The five major candidates (Carter, Udall, Bayh, Harris, Shriver) are running full slates; Senator Jackson, who has not campaigned here and is not on the preference ballot but who has been active in nearby Massachusetts, has a slate entered in his name, while another favourable to Senator Humphrey is also on the ballot card. There is no room for uncommitted delegates.

New Hampshire has 165,000 registered Republicans and 115,000 registered Democrats, plus 145,000 official independents. Republicans and Democrats are restricted to voting in their own primaries but independents may vote in either. Unregistered voters may not participate.

On the Republican side, the size of the turnout may determine whether Mr. Ford or Mr. Reagan wins (most people are unable to predict who is the stronger). A low poll, say 80,000 would probably benefit Mr. Reagan, whose supporters are more committed, whereas a high poll ought to help the President. The weather here, clear and not very cold, will not be a factor. In 1972, a total of 118,000 voted in the Republican primary.

The size of the turnout is unlikely to be a determining factor in the Democratic race. A very low poll, however, would indicate disaffection with the five candidates who have campaigned so hard here in recent weeks and may encourage those waiting in the wings or those who, for tactical reasons, steered clear of this first primary.

The very tentative betting is that Mr. Carter and Mr. Udall should finish first and second, though the order may be reversed, with the other three competing for the third-place finish which they all agree is very important. The one who may spring a surprise is Mr. Fred Harris, the one who may do worse than expected is Mr. Birch Bah.

For the record, one hamlet in New Hampshire, Dixville Notch, near the Canadian border, voted at midnight last night, keeping up its record of always being the first in the nation. President Ford beat Governor Reagan by 11 votes to four, while Mr. Carter got six Democratic votes, against one each for Udall, Bayh, Jackson, and Wallace Johnson, who is actually a Republican candidate for Vice-President. The experts do not consider these results to be of great importance.

Nixon revels in Chinese 'Head of State' treatment

PEKING, Feb. 24.

THE CHINESE are treating Mr. Richard Nixon with the ceremony usually reserved for a Head of State during his China visit and Mr. Nixon is responding by acting daily more like one.

He travels around the city in a large black limousine bearing the flags of China and the United States. This morning following a visit to the Peking Historical Museum, only recently reopened after some major "political" renovations, he walked in Peking's Tien An Men Square, shaking hands with the large and pressing crowds, beaming at the toddlers and posing for photographers.

Last night at a "cultural soiree" in the Great Hall of the People, he was honoured by the presence of Chiang Ching, wife of Chairman Mao, making one of her increasingly rare public appearances. Mrs. Mao did not accompany President Ford when he sat in the same seat in the same hall for a revolutionary ballet performance a few weeks earlier. Acting Premier Hua Kuo Feng and Foreign Minister Chiao Kuan Hua were also present.

His activities have been fully and prominently reported in the People's Daily which to-day carried a large picture of the ex-President shaking hands with Chairman Mao at the start of nearly two hours of talks yesterday morning with the frail Chinese leader.

Mr. Nixon will have further lengthy talks with Mr. Hua and Mr. Chiao this afternoon, the third so far. Beyond describing the talks as being on international questions of common interest, the Chinese are revealing nothing. Mr. Nixon has been silent on details of the talks and said almost nothing to reporters since he arrived here.

The Chinese are sparing no effort to make the bewildering visit a success. They have gone far beyond the customary Chinese courtesy reserved for special "private" visitors. At the very least, the visit has tied up the Foreign Minister of the world's largest country for a full week at a peculiarly delicate phase of China's political life, and consumed a considerable amount of time of the country's acting Premier.

Sydney Morning Herald

UPI adds: When Mr. Nixon met with Chairman Mao Tse-Tung, he told the 82-year-old leader that he brought greetings from President Gerald Ford, a member of the Nixon party said to-day.

The Chairman asked Mr. Nixon to convey his regards to Mr. Ford and said, in reference to his meeting with Mr. Ford during the President's December visit, "Yes, we have had good talks." At a song and dance performance on Monday night Madame Mao asked Mrs. Nixon to convey her best wishes to Mrs. Betty Ford.

Visit by Geisel to Britain in the balance

By Hugh O'Shaughnessy

THE STATE visit to Britain of General Ernesto Geisel, the Brazilian President, programmed for early May after his visit to Paris, may hang in the balance this week amid growing controversy about it in the Labour Party.

To-day Labour's National Executive Committee votes on a motion calling on the Government to cancel plans for the visit. Normally the Left, which is opposing the visit, could count on a majority in the NEC but the visit has been the object of very intense lobbying and the outcome is not entirely predictable.

Some senior members of the Labour Party have suggested that if the visit does take place they will boycott it.

There are indications that if the NEC does take a hostile attitude to the visit, the Brazilians will cancel their plans for fear of any embarrassment to the General.

New York Governor likely to support anti-Concorde Bill

BY GUY DE JONQUIERES

NEW YORK, Feb. 24.

GOVERNOR Hugh Carey of New York is expected to sign into law a Bill approved yesterday evening by both Houses of the State legislature which is designed to prevent the Concorde from landing at J. F. Kennedy international airport.

A spokesman at Governor Carey's office in the State capital at Albany said to-day that the Bill fits in with the general concern of the Governor about supersonic transport flights into Kennedy. Mr. Carey has ten days in which to sign the legislation after he receives it.

In any event, it would be difficult for Governor Carey to resist the head of political steam that has built up in New York State over the Concorde issue. The legislation was passed by huge majorities—47 to 10 in the State Senate and 139 to 4 in the Lower House—and was supported by many elected representatives with constituencies far distant from the airport.

The Bill proposes to lower the maximum noise limit for aircraft landing at Kennedy and all other air terminals administered by the New York-New Jersey Port Authority to 108 perceived noise decibels from the current level of 112 PNdB, which the manufacturers of Concorde claim they can just meet. Aircraft now using the airports which do not meet this standard would be exempted for five years.

Because the legislation covers all Port Authority airports, it must be approved in identical form by the New Jersey legislature in order to take effect. A Bill similar to the one approved in Albany has been introduced into the New Jersey Assembly, though it has not yet been voted on. Its sponsors are hoping that it will reach the floor in the next ten days.

While it is difficult to forecast with certainty exactly what will happen to the Bill, anti-Concorde feeling in New Jersey seems to be considerably less widespread than in New York—partly because the aircraft is not at present due to land to any New Jersey airport.

Last week, the state Senate rejected by a 12-to-eight voice vote a resolution calling on the Governors of New York and New Jersey to keep Concorde out of Kennedy. But because only half of the Senate's 40 members were present the vote may not be truly representative.

Officials at the New Jersey legislature also suggested to-day that it might take some time to iron out discrepancies between the Bills in the two state legislatures. If New Jersey were to approve legislation differing materially from that of New York, it might be necessary to work out a compromise Bill which would then have to be voted on again in both legislatures.

If final agreement is reached at legislative level, it would pre-empt the decision which the Port Authority is due to take shortly on whether Concorde meets the environmental standards at Kennedy. No date has yet been fixed for this decision, but it could come as early as next month.

At present, Concorde has been authorised by the U.S. Transportation Secretary, Mr. William Coleman, to land at Kennedy four times a week for 16 months on a trial basis. It is not entirely clear whether the State legislatures have the authority to override the Transportation Secretary by passing anti-Concorde legislation. But if they try to do so, their action will almost certainly be challenged in the U.S. courts by British Airways and Air France.

Utilities tax plan studied

WASHINGTON, Feb. 24.

ADMINISTRATION TAX incentive proposals for electric utilities will do more for profitable companies than for those in need, according to a Congressional budget office analysis.

The report, released by the House Budget Committee, says that a permanent investment tax credit increase proposed by the administration to raise the investment tax credit from 10 per cent. to 12 per cent. for non-petroleum electric facilities would have minimal effect for the first few years.

Recent estimates indicate a decrease in electricity growth rate demands and the report says that "it is questionable whether inducing immediate additional investment in electric utilities is appropriate policy for the near term."

AP-DJ

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Angola 'seizes' Zambian copper

BY OUR OWN CORRESPONDENT LUSAKA, Feb. 24.

THE ANGOLAN Government has seized 1,200 tonnes of Zambian copper from a ship which was ready to sail from Lobito, Zambia's Director of Contingency Planning, Mr. Nedson Nyoni, said here to-day.

He said the copper, which had been held up between Dilolo and Lobito, had started arriving at the port when the railway was partly operational during the short-lived Unita control of the area. But the MPLA ordered the ship containing the copper to be off-loaded.

The copper was now back in the shed at Lobito, and no word had been received from Angola. Mr. Nyoni said there was a possibility of more being held up at the port, as well as general cargo including lead and zinc.

Recently President Kenneth Kaunda claimed at a Press conference that a ship carrying Zambian exports had been stopped by the MPLA. Before the outbreak of the civil war Zambia exported 50 per cent. of her copper through Angola, and a large amount of imports came through the Lobito-Benguela route. It is believed 72,000 tonnes of general cargo destined for Zambia is being held up at the port.

Since the MPLA overran Unita and the FNLA with the assistance of Cuban troops Zambia had made clear it still supports a government of national unity. President Kaunda has warned that the MPLA would never control Angola unless it negotiated with the other liberation movements.

Luanda accuses Zaire

BY OUR OWN CORRESPONDENT ADDIS ABABA, Feb. 24.

THE MINISTERIAL committee of the Organisation of African Unity (OAU) meeting here is to consider a proposal that the OAU should extend its assistance to Angola.

This was revealed by conference sources after a closed door session this morning during which the Angola proposal was added to the 28-point draft agenda.

Last night, in an unprecedented attack on a member state, Angola's Foreign Minister, Sen. Eduardo dos Santos, accused Zaire of hostility towards Angola and called on the OAU to look into Zaire's "interference in the internal affairs of Angola." Sen. dos Santos claimed, in a long and angry speech, that Zaire troops were still in his country.

[Zaire's Foreign Minister, Mr. Nguza Karl I. Bond, rejected the Angolan accusations, Reuter reports. Conference sources said he said there were more than a million refugees from Angola living in Zaire territory and that without goodwill between the two countries they could become a source fo subversion against the Angola Government.

[He was also reported as saying that Zaire was worried about the continuing presence of Soviet and Cuban forces in Angola. He said anyone thinking of Cuba should automatically recall that country's views on "exportable revolution," the sources said. "Have we not the right, as a neighbouring country, to ask whether this theory could apply to us, and what guarantees Angola is prepared to give in this matter."]

Djibouti, the last French colony on the African continent, is believed by observers here to be another potentially explosive issue for the conference. Yesterday, the chairman of Ethiopia's provisional military Government, Brig.-Gen. Teferi Bante, called in his opening address to the conference for the OAU to sponsor an independence programme for the territory.

Ethiopia several months ago renounced all claims to the territory but has constantly emphasised the importance of this Red Sea port to the country's economy. More than 60 per cent. of all Ethiopia's foreign trade passes through Djibouti.

And Ethiopia has strenuously opposed Somalia's claims to the territory, strongly condemning the Mogadishu Government's backing of the Somali Coast Liberation Front, the guerilla group that earlier this month hijacked a French schoolchildren's bus.

Morocco threat to quit OAU

RABAT, Feb. 24

MOROCCO will walk out of the Organisation of African Unity (OAU) if it grants official recognition to the Algerian-backed Polisario guerilla movement in Western Sahara, Government officials said today.

The warning coincided with a recommendation of the OAU's decolonisation committee, submitted to the current OAU Foreign Ministers meeting in Addis Ababa, to recognise the Polisario movement as the legitimate representative of the Saharans.

Moroccan officials said King Hassan will not budge an inch from his determination to consider Western Sahara as Moroccan territory and reject self-determination for the Saharans, as demanded by the Polisario and Algeria, as being unnecessary.

UPI

Aramco deal denied

The Saudi Arabian Oil Ministry denied the Government had reached a basic agreement for the complete takeover of U.S. interests in the Arabian American Oil Company, Aramco, Reuter reports from Riyadh. It was commenting on a news agency report quoting Sheikh Ahmed Zaki Yamani, the Oil Minister, as saying a few minor points were still to be settled, but the agreement with four American oil companies would be retroactive to January 1, this year. A Ministry spokesman told Reuter: "The Minister said no such thing. It is wrong."

Saudi visit

U.S. Treasury Secretary William Simon will visit Saudi Arabia over the week-end for talks with the Saudi Ministers of Foreign Affairs, Oil, Commerce and Industry, it was announced in Riyadh to-day, Reuter reports.

Torture claim

A released Portuguese prisoner claimed that the Mozambique Government has created a string of "political re-education camps" where Europeans and Africans are being subjected to hard labour and systematic torture and starvation, UPI reports from Lisbon.

Tony Hawkins, Salisbury Correspondent, reports on the mood inside Rhodesia

A land of Micawbers

RHODESIANS, both black and white, can seldom have been more confused. The latest in a series of political somersaults by Mr. Ian Smith has left the country's 280,000 Whites in a mood of bewilderment, susceptible to wild rumour and speculation about the future. Believe it or not, early this week even some hardheaded Salisbury businessmen were apparently taking seriously a Johannesburg Press report at the week-end forecasting Mr. Smith's early resignation in the face of intense British, U.S. and South African pressure, and the appointment of Mr. Joshua Nkomo to head an interim government.

This South African Press report was promptly branded as "part of the intense and insidious psychological campaign against Rhodesia" by a government spokesman. Mr. Smith himself on Monday night accused the news media of "trying to incite Rhodesians into believing that their case is lost and hopeless." He described as a "wicked lie" the suggestion that South Africa had told him that military support would not be forthcoming if Rhodesia ran into "any problems."

Mr. Smith's Monday attack on the media—at home and abroad—was his third such warning in as many weeks to Rhodesians about the psychological war—"our main battle to-day."

The Rhodesian Prime Minister has a point. One Johannesburg English-language newspaper has so often forecast Mr. Smith's imminent resignation, an imminent settlement of the independence dispute, an imminent invasion by 12,000 guerillas from Mozambique and imminent action by South Africa to sever all economic ties with Rhodesia, that it has become a bore.

But the fact is that White Rhodesians have become so uncertain and so worried about their future that the Government finds it necessary to deny even the most improbable news reports. Furthermore, deny it though he may, all the available evidence suggests that Mr. Smith has been forced into a number of policy U-turns, mainly as a result of pressure from South Africa. These include the decision 15 months ago to hold talks with the detainees and banned nationalists, the release of the Reverend Sithole hours after a Rhodesian high court had found that there was a case for his continued detention, the apology to Mr. John Vorster, the South African Prime Minister, and now the acceptance of British assistance in the talks, so long as it is "realistic and constructive."

Until very recently the vast majority of the White electorate of some 85,000 voters has been content to give Mr. Smith free rein in constitutional talks, confident that he would never go too far (or, for that matter, be allowed by his party to overstep the mark) in seeking an accommodation with the leaders of the country's 6m. Blacks. The Prime Minister has not let them down. His proposals in the current talks with Mr. Joshua Nkomo would not provide for majority rule for at least 20 years.

All the available evidence suggests that while Mr. Smith may well continue to make tactical concessions he will stop far short of the ultimate U-turn of accepting early Black rule. Certainly even at this stage with the swift passage of events in Angola, external pressure from the U.S., Britain and South Africa, and the widening of the guerilla war from the original north-eastern operational area to the eastern border with Mozambique, there is nothing in his public statements to suggest that he is preparing the electorate for a radical change of direction.

In this confused situation, exacerbated by the Government's unwillingness to tell the country precisely how serious the position really is, it is not at all surprising that many Whites should feel more worried than ever before. To make matters worse, the range of options open to them seems unattractively narrow. There has never been a credible White opposition party since UDI in 1965, so that if there is to be a change of direction Rhodesians can only look to a palace revolt within the ruling Rhodesian Front or to a sudden and completely uncharacteristic decision by Mr. Smith to throw in the towel and accept Black rule.

A split within the front would be likely to throw up a partitionist or confederationist such as Mr. Wickus de Kock, former Minister of Information, as the new leader. The confederationists argue that the only long-term solution to the Rhodesian problem is one guaranteeing permanent White control over the White areas. This could be achieved by establishing tribal homelands along the lines of the South African Bantustans and accepting a loose confederation of states.

While this may appear to be a realistic option to some whites, it is obviously unacceptable to even the most moderate black nationalist. Furthermore, with the passage of time, the position of the Black moderates is being weakened as shown by the increasingly tougher public line being adopted by Mr. Nkomo and some of his colleagues.

For some whites—and particularly the younger ones subject to military call-up for 35 days at a stretch twice or even three times a year—the options on offer in Rhodesia are so unattractive that they are voting with their feet. Last year 10,500 whites quit Rhodesia—the largest number of emigrants since the aftermath of the federal dissolution in 1964. Admittedly, there were more immigrants than emigrants resulting in a net gain of 1,930 whites, but this is more a measure of the influx of Portuguese refugees from Mozambique and Angola than anything else.

Migration figures and residential property values probably are the best index of white political confidence. Over the past three years net White immigration has averaged 1,400 a year compared with a post-sanctions pek of 9,400 in 1971. The real estate market enjoyed a remarkably strong advance from 1966 until 1973-74, since when it has weakened significantly in line with the fall-off in white immigration.

White immigration is vital to the survival of white-ruled Rhodesia. The natural increase of the White population is a mere 2,400 a year compared with an African population growth rate of 200,000 a year—in a country where Blacks already outnumber whites by 22 to one.

White morale has seldom been lower and confidence will only be restored—as Mr. Smith himself said in Parliament last week—by defeating the guerillas and obtaining a settlement. On the whole, despite all the speculation about Cuban-Russian participation, Rhodesians are more confident of winning the war than of obtaining an acceptable settlement—meaning one that leaves control in White hands for the foreseeable future.

Even if the going gets a good deal tougher on the military front, the bulk of the Whites are almost certainly going to stay. Where else would they get an average wage of £4,000 a year, be able to buy a three- or four-bedroomed house on an acre of property with two bathrooms and swimming pool for £23,000 on a mortgage rate of 7.75 per cent? For many Whites it really is a three (or two) servant, two-car, one swimming pool society. Tax levels are low, good education is available at little cost. Inflation is moderate—averaging 4½ per cent. a year over the past decade—and the standard of life is one of the highest in the world, and certainly ahead of that in South Africa.

Rhodesians therefore have a great deal to lose. But an unquantifiable, though still large, proportion of the white population especially those with first hand experience of life in Black Africa, believes that life will become intolerable if there is an early handover to majority rule. Consequently, it is better to hang on, Micawber-like, hoping for something to turn up. In their minds, the policy of drift is preferable to the certainty of almost-immediate Black rule. Whether this is a majority view or not, it is impossible to tell, but all the signs are that it is the policy of the dominant group within the ruling Rhodesian Front. When the talks with Mr. Nkomo resume on Thursday, there will, in all probability, be some Rhodesian concessions intended to secure the kind of gradualist compromise that Mr. Smith is seeking. Given the pace with which events have moved in Southern Africa of late, it will almost certainly be too little too late and try as they may, the negotiators will find the gap between African aspirations and white "security" to be unbridgeable.

GUERILLAS BLOW UP RHODESIAN BUSES

SALISBURY, Feb. 24.

Black guerillas who have stepped up their activities on Rhodesia's eastern border with Mozambique blew up two buses with landmines, injuring eight black passengers, the bus company disclosed to-day. Both incidents occurred south of Umtali, near the border. The main guerilla drive has so far centred on the north eastern border region.

The Blue Line Express Bus Company said one bus hit a mine near the Chikore mission on Saturday. Three passengers were hurt. Earlier this month, it said, a 64-seater bus was wrecked after running over a mine and five passengers were injured.

Tension is building along the 600 mile eastern border as the guerillas step up their attacks. Rhodesian security forces were engaged in a three-hour skirmish across the border lines last week after a Rhodesian work gang was fired on.

Reuter

Israel's defence budget likely to be 35% of GNP

BY L. DANIEL JERUSALEM, Feb. 24.

RAEL to-day announced a fence budget for the coming ar of Israeli £33bn. (£2.2bn.) about 35 per cent. of its Gross tional Product.

Mr. Yehoshua Rabinowitz, the nance Minister, told the esset this outlay compared th only 7 to 8 per cent. of GNP ent by the U.S. on defence. e figure for Israel a decade o, he added, had been only 10 r cent.

Although the 1976-77 total aft budget of £5.7bn. is the gest, nominally, in Israel's story, in real terms it means s cash for Ministries and for velopment than the preceding dget of £4.4bn., Mr. Rabinowitz rned the House. It was essenl both to halt rampant inflan and to prevent a further rsening of the balance of yments situation.

The defence budget jumped to 6bn. in 1975-76 and is expected reach nearly £2.3bn. in the w fiscal year, or 40 per cent. the total budget. Part of the rease is due to higher costs road, exchange rate fluctuans and, at home, higher oduction costs.

The balance of payments icit in 1975 came to just under n. Imports rose to £4bn., ough, in real terms, this repreted a standstill. Exports rose only 3 per cent. over last year, real terms, to reach £2bn.

For 1976, the Treasury expects narrowing of the payments of no more than £100m., even ough defence imports are pected to remain around 0m., civilian imports to fall d exports to increase by 9 per t. in real terms.

t will also be the first full r in which Israel will have to y for all her oil imports, following the return of the Abu Rudeis oilfields to Egypt.

Another indicator is that foreign currency reserves have been maintained at the "red line" level of around £500m. only by extensive borrowing. Gross capital imports in 1975 came to £2bn., of which £800m. were unilateral transfers. Thus the external debt grew by £675m. to £3.8bn.

While most of this is long-term, the figure points to the gravity of the situation. The Finance Ministry expects a further increase in the foreign debt to £4.5bn. by the end of fiscal 1976. Debt service and repayment (foreign and local) now account for 20 per cent. of total expenditure.

Local revenue (taxes plus various internal loans) will provide over 70 per cent. of the budgetary expenditure. The Budget is based on the assumption that Israel will get some £1.1bn. in U.S. Governmental aid, as well as other foreign currency income from voluntary contributions, bond sales, German restitution and development loans.

Nevertheless, an increase in money supply is already foreseen, and some observers fear deficit financing will, in the end, have to be much larger. This is reinforced by the fact that—despite the proposed cutbacks in public and private expenditure (with new taxes, higher rates, cuts in subsidies on basic commodities and VAT due to come into force)—prices will rise by 25 to 32 per cent. over the next 12 months, even though GNP is not expected to rise by more than 1 per cent. in real terms.

Indian emergency stays

NEW DELHI, Feb. 24.

PRIME MINISTER Mrs. Indira Gandhi indicated to-day that there were no immediate prospects of ending India's emergency, or releasing political detainees.

Mrs. Gandhi, who is touring Aurangabad in West India, told a rally that the Government would consider lifting the emergency if the Opposition observed discipline and stopped their passive resistance campaigns, the new Indian news agency Samachar said.

"If these things were made clear by Opposition parties we can think of lifting the emergency. But they have not changed their decision. If they get an opportunity they will start agitation again," she said.

Political observers here understood Mrs. Gandhi's remarks to mean that the emergency and detentions would continue and that she is not interested in talks with Opposition spokesman such as the Socialist leader, Mr. N. G. Goray, who has written to the Prime Minister proposing a dialogue.

● The Indian Government today published new family planning laws which will withhold public loans, jobs, housing and other benefits from couples with more than two children.

Reuter

New ASEAN industries plan

BY PETER DUMINY BALI, Feb. 24.

RGE multinational industrial nts will be set up in what ounts to a huge guaranteed rket of 230m. inhabitants of Association of South East an Nations, if a blueprint roved by the five ASEAN ds of government at the ugural summit conference ich ended in Bali to-night omes reality. In a joint Press nmuniqué the leaders of onesia, the Philippines, laysia, Thailand and Singae, said they had in mind such ustries as urea, superphostes, potash, petrochemicals, el, soda ash, newsprint and ber projects.

ater, conference sources said industries would be known "ASEAN projects," and rank h on a list of products to be orded preferential tariff atment. They would not necesly be owned by the five couns in equal shares, nor would eign capital by excluded. It ms to be intended that each ntry should qualify for a pro-t, and no doubt that would be diplomatic way to usher in EAN's first effort at economic peration. However, it is offily emphasised that decisions will not be geared to a rota system and that all matters of detail have been left for economics Ministers to pursue at their meeting in Kuala Lumpur next month.

This scheme, though still notional and admittedly with a long way to go to implementation in any shape, is undoubtedly the most positive outcome of the summit. Other results included initialling of a treaty of amity and co-operation—"declaration of ASEAN concord"—the setting up of a permanent secretariat, and generally a claim that political and economic shape has been given to the organisation which has existed in little more than name for the past nine years.

President Marcos of the Philippines called the whole thing a "godlike act of creation." While that is stretching the imagination, there is no doubt that ASEAN's biggest need has been enthusiasm and drive. This still remains the case, since virtually all to-day's agreements are of principle only, and even on that score many had hoped that the heads of government would do better.

In particular, they failed to espouse the objective of a free trade area, contenting themselves with plans for unspecified co-operation in production and distribution of food and energy, restatement of hitherto cliffhanging ideas of commodity price stabilisation, and a none-too-specific commitment to preferential trading arrangements.

Ways of expanding intra-ASEAN trade include "long-term quantity contracts" (presumably a reference to purchases of, mainly, Indonesian crude oil), buyer credit at preferential rates, procurement guidelines for Government requirements, and tariff preferences (listed in that order). This appears to put deliberately little emphasis on tariff cuts. That became even clearer when the conference spokesman said that priority for tariff action would be given to foodstuffs, energy and the output of ASEAN projects—the first at least being an unpromising area in which to be launching a liberalisation programme.

This is a rebuff for Singapore, for which an industrial free trade area would be highly beneficial, though Prime Minister Lee Kuan Yew made only veiled reference to this in his closing remarks, in which the strategy has to be to achieve organic growth.

EUROPEAN NEWS

THE 25TH SOVIET COMMUNIST PARTY CONGRESS

Brezhnev insists: the commitment to détente remains undiminished

During the course of his five and a-half hour speech, Mr Brezhnev restated, with unmistakeable clarity, Soviet policy on foreign affairs, the economy, party and ideological affairs. The following are the main points from the sections on foreign policy and the economy:—

DETENTE

The achievements of the past five years "are of truly everlasting significance. The main element of our policy was and remains the consolidation of the principles of peaceful co-existence, to assure lasting peace, to reduce and later also to eliminate the danger of another world war."

But he stressed: "We do not conceal the fact that we see in detente the way to create more favourable conditions for peaceful socialist and Communist construction."

Relations with the U.S. had decisively improved, but influential U.S. forces, "with no stake either in improving relations with the Soviet Union or in international detente as a whole, are trying to impair it."

"Some of the difficulties stem from those aspects of Washington policy which jeopardise the freedom and independence of peoples and constitute gross interference in their internal affairs on the side of the forces of oppression and reaction. We have opposed and will continue to oppose such actions. At the same time I want to emphasise once more that the Soviet Union is firmly determined to follow the line or further improving Soviet-U.S. relations in strict accordance with the letter and spirit of the agreements reached and commitments taken."

Relations with West Europe are, on the whole, "positive."

"Conditions have been created to turn West Berlin from a source of disputes into a constructive element of peace and détente. But all sides must show true respect for the agreements reached. Unfortunately, some of the signatories are doing far too little in this respect. We shall insist on strict and complete observance of all understandings. The U.S.S.R. favours a tranquil and normal life for West Berlin."

But in West Germany "the course of normalising relations with the socialist countries is being attacked by rightist forces who in substance cling to revenge-seeking positions.

HELSINKI ACCORD

"The main thing now is to put all the principles and understandings reached in Helsinki into practice. This is exactly what the Soviet Union is doing and will continue to do." Certain quarters are trying to emasculate and distort the very substance of the final act adopted in Helsinki and use this document as a screen for interfering in the internal affairs of the socialist countries, for anti-Communist and anti-Soviet demagogy in the cold war style."

DISARMAMENT

Mr. Brezhnev spoke for only four minutes on SALT: "We have persistently and repeatedly offered the U.S. not to stop at just limiting the existing types of strategic weapons. Specifically, we suggest coming to terms on banning the development of new, still more destructive weapons systems, in particular, the new Trident submarines carrying ballistic missiles and the new strategic B-1 bombers in the U.S., and similar systems in the USSR. Deplorably, these proposals were not accepted by the U.S. side. But we have not withdrawn them.

"Of course, the time will come when it will become necessary to include other nuclear powers in the process of limiting strategic arms. Those of them who refuse to do so would bear a great responsibility in the eyes of the peoples . . .

"We now offer to conclude a world treaty on the non-use of force in international relations. Its participants, naturally including the nuclear powers, would undertake to refrain from using all types of weapons, including nuclear, in settling disputes that may arise between them." The Soviet Union also supports the idea of a nuclear-free zone in the Indian Ocean, Mr. Brezhnev said.

"Striving to shift the matter from its impasse, socialist countries recently submitted new proposals in Vienna. We are prepared to begin by reducing this year only Soviet and U.S. troops and leaving the level of the armed forces of other participants in the talks frozen for the time being and would support a reduction during the second stage in 1977-78. We have also submitted concrete proposals on the reduction by both sides of the number of tanks, aircraft capable of carrying nuclear weapons, rocket launchers and a certain quantity of nuclear warheads destined for these delivery systems."

Stressing a point in a podium marathon: Mr. Brezhnev spoke for over five hours.

The USSR was against military blocs but "as long as the NATO military bloc continues to exist, and as long as militarist elements continue their arms drive, our country and the other signatories of the Warsaw Treaty will continue to strengthen this political-military alliance."

MIDDLE EAST

"The security of all the states of the region, their right to independent existence and development, must be guaranteed. Is it not clear how serious a responsibility is assumed by those who, in pursuance of egoistic aims, are making a Mid-East settlement the object of political manoeuvre and use separate partial agreements to delay or even entirely place in question, genuine solutions."

As co-chairman of the Geneva conference, the Soviet Union favoured the participation of Britain and France in international guarantees of the security and inviolability of the frontiers of "all Middle Eastern countries." It also favoured an end to the arms race in the region, but this would have to be tied in closely with moves towards a settlement.

ANGOLA

"Barely constituted, this progressive state became the object of foreign intervention, the handiwork of imperialism and the South African racists, the mortal enemies of independent Africa, and also of those who undertook the unseemly role of their henchmen. This was why Angola's struggle for independence was supported by the world's progressive forces, and its success testified once again that nothing can crush the people's aspirations to freedom."

Every country can choose its own way of development. "But we do not conceal our views. In the developing countries, as everywhere else, we are on the side of the forces of progress, democracy and national independence." In supporting the peoples fighting for freedom, "the Soviet Union does not look for advantages, does not hunt for concessions, does not seek political domination, or exact military bases."

CHINA

"Peking's frantic attempts to torpedo détente, to obstruct disarmament, to breed suspicion and hostility between states, its efforts to provoke a world war and reap whatever advantages may accrue, present a great danger for all peace-loving peoples. This Peking policy is deeply contrary to the interests of all peoples. We shall continue to repulse this incendiary policy, and to protect the interests of the Soviet state, the Socialist community, and the world Communist movement."

But the matter rested with the Chinese side, Mr. Brezhnev said, and the Soviet Union was prepared to normalise relations on the basis of peaceful coexistence.

On differences between Communist parties: "One can say with confidence that even if a concession to opportunism might bring some short-term advantage it would harm the party in the ultimate analysis. In our view, to repudiate proletarian internationalism would mean to deprive Communist parties and the workers' movement in general of a powerful and tested weapon.

It would benefit the class enemy who actively co-ordinates his anti-Communist actions on an international scale. We, Soviet Communists, believe that the defence of proletarian internationalism is a sacred duty of every Marxist-Ueninist. . . .

There could be no question of a rapprochement between communism and social democracy, Mr. Brezhnev said. However, we can be and are united with the social democrats who know their responsibility for peace and with the social democrat workers with whom we share a concern for the security of peoples and a desire to curb the arms race and rebuff fascism, racism and colonialism . . ."

Agriculture: The urgent task is to improve grain production but this will take "time, toil and huge investments." Closer co-operation between agriculture and industry was needed.

Consumer goods: Production was not expanding fast enough and the blame should be put on the ministers concerned. The targets in the new Plan were "minimum."

THE COD WAR

Accusations fly over spate of 'ominous' rammings

BY PAUL BETTS

ICELANDIC gunboats now appear to be taking a more aggressive line in their harassment duties against British frigates in Iceland's unilaterally declared 200-mile fishing limit.

The British frigate Yarmouth was rammed twice in 25 minutes yesterday by the Icelandic gunboat Thor, the Ministry of Defence reported in London. The Ministry added that the fact that all the Thor crew were seen wearing life-jackets was an "ominous indication" of the risk its captain was running.

The first collision occurred at 11.30 a.m., while the Yarmouth was shadowing the gunboat, the Ministry said. The Thor made a sharp turn to starboard without warning and ran into the frigate's port side damaging guard rails and plating. The Thor, which has been involved in four previous collisions in the past three months, suffered structural damage in the second collision but no casualties were reported, according to the Ministry.

Iceland later talked of four collisions involving two of its coastguard vessels and two Royal Navy frigates. The Icelandic Government said that they added up to "one of the most serious incidents so far." Iceland claimed that the Yarmouth rammed the Thor three times. The fourth collision occurred when the coastguard vessel Tyr steamed to the aid of Thor and was rammed in the stern by the frigate Scylla.

According to the captain of the Tyr Gudmundur Kjarnnested, the incident was "the dirtiest trick" he had ever seen. But the Ministry of Defence later denied in London that there had been a collision between Tyr and Scylla. A message from the Scylla said the Tyr "almost hit" the frigate with a "violent manoeuvre which took the gunboat under the frigate's pitching bow." The Ministry also said that yesterday's second collision happened despite the Yarmouth making sound signals and taking avoiding action.

Jon H. Magnusson in Reykjavik adds: The Icelandic Government survived a vote of no confidence to-day by 41 to 18 votes. And the general strike, which has paralysed the whole country since early last week, is believed to be coming to an end.

Italian authorities plan urgent steps to save faltering lira

BY ANTHONY ROBINSON

ROME, Feb. 24.

URGENT MEASURES to curtail the continuing plunge of the lira are believed to be under preparation in Italy.

The combination of political uncertainty, seasonal adversity for the Italian balance of payments, and outright currency speculation has pushed the depreciation of the lira well beyond the limits originally envisaged by the Italian authorities when they decided to abandon central bank intervention on January 20.

The last two days in particular have seen the lira come under heavy pressure with the currency opening to-day at 794 lira to the dollar to reach a new low of L806 at lunch-time before end session covering brought the closing rate down to L797-L799. On the black market the lira-dollar rate has gone over L920. These prices compare with the L686 to the dollar immediately prior to the closure of the official exchange market.

At this level of depreciation Italy faces a dangerous domestic inflationary feedback, and the authorities are believed to be preparing measures to be taken soon after the minority Government led by Sig. Aldo Moro obtains its final vote of confidence in the Senate. This is expected to-morrow.

The exact nature of the expected measures is a close secret. But one measure which can almost certainly be excluded is the re-imposition of import deposits. This is believed to be ruled out by the conditions attached to both the $530m. IMF facility and the $1,000m. EEC facility currently under negotiation.

Sig. Moro has promised tighter controls and heavier penalties for illegal capital exports but their implementation, unless introduced by decree law, is likely to take some time. But tighter vigilance over export and import documents and tourist payments to avoid hidden capital outflows is a likely move together with tighter controls over the commercial banks foreign exchange dealings and over bank liquidity.

German wage warning

BY ADRIAN DICKS

BONN, Feb. 24.

GERMAN TRADE union leaders served notice on the government and on the employers' organisations to-day that they will not accept wage restraint as a part of long-term strategy to increase employment.

In the course of a regular three-way meeting of the "concerted action" group, the union side called instead for "deliberate, structural policies" to ensure that new investment was orientated towards creating new jobs.

Herr Oskar Vetter, head of the German Trade Union Federation, and leaders of individual major unions, once again rejected the thesis of the employers' side that wage increases must take second place to a sustained rise in corporate profitability for the employment picture to improve.

Pact delay in Portugal

By Paul Ellman

LISBON, Feb. 24.

LAST MINUTE obduracy by the Popular Democratic Party was to-day threatening to delay the signing of a new "pact" between Portugal's military leadership and civilian political leaders.

The Revolutionary Council of the Armed Forces Movement to-day invited the political parties to sign the new pact, which delineates the role of the armed forces for the next four years, at 1 p.m. to-morrow.

But a spokesman for the PPD, the country's second biggest party, said that its leadership had yet to decide

IN BRIEF

Hungarian Primate

A new Primate was installed at the head of the Hungarian Catholic Church yesterday, drawing a formal line under a quarter-century of conflict between church and state, Reuter reports from Esztergom. Archbishop Laszlo Lekai, 65-year-old successor to exiled Cardinal Josef Mindszenty, was enthroned at a colourful ceremony in the 19th-century Esztergom Cathedral, traditional centre of the Hungarian Church.

Strike hits Rome

Industry, trade and public transport in and around Rome were almost totally paralysed yesterday as several hundred thousand workers staged a 24-hour strike to protest about rising unemployment. The strike also hit government ministries, schools, theatres, post offices, cinemas and some restaurants. Airports and State railways were unaffected.

French upturn

The French business upturn has extended to the capital and intermediary goods sectors, where orders are running well ahead of deliveries for the first time since the recession, the National Statistics Institute said in Paris.

Pollution fight

Common Market Research ministers agreed in Brussels to put 16m. units of account of Community funds into efforts to help clean up the environment in member states, said informed sources. Most of the money would go to programmes already begun, aimed at minimising harmful effects of toxic chemicals.

THE LOCKHEED PAYMENTS

Warrant issued for Crociani

BY ANTHONY ROBINSON

ROME, Feb. 24.

AN ARREST warrant has been issued against Sig. Camillo Crociani, the former president of the IRI-Finmeccanica group, who is alleged to be a leading figure behind the corruption of Ministers and public officials in connection with the Italian Air Force purchase of 14 Lockheed C-130 transport planes. Sig. Crociani resigned his position earlier this week.

Police, sent round to arrest him, found his luxurious seaside home, his country estate and his Rome penthouse all deserted. They broke into two safe deposits in the Rome penthouse but found them cleared of all documents.

Sig. Crociani was last seen over a week ago, when he visited Parliament.

According to unconfirmed reports here Sig. Crociani left Italy with his family in his private helicopter a week ago and is now believed to be in Mexico, where he owns property.

Meanwhile Lockheed's Italian troubles have taken a new turn with the announcement to-day in Rome that seven widows of Italian Air Force pilots who died in crashed Lockheed F104 Starfighters have decided to bring a legal action for damages against the company in the San Francisco Federal Court.

Offices raided in Tokyo

TOKYO, Feb. 24.

JAPANESE police and tax officials to-day raided 28 offices and homes for evidence in the Lockheed bribery scandal, while the Government formally called on the U.S. to hand over all available information on the affair.

Foreign Ministry sources said messages from Parliament and the Prime Minister Mr. Takeo Miki were relayed to the Japanese Embassy in Washington to be forwarded to the U.S. authorities as soon as possible.

The Japanese want to know the names of high Government officials alleged to have received pay-offs from Lockheed, whose Tokyo branch office was among establishments visited by nearly 400 law enforcement officers to-day.

About 20 officials went through the home of Mr. Yoshio Kodama, a key witness in the affair. His physician, Dr. Koichi Kitamura, said he watched in silence. Reuter

INQUIRY CALL IN ATHENS

By Our Own Correspondent

ATHENS, Feb. 24.

THE OPPOSITION Panhellenic Socialist Movement has asked for the formation of an inter-Parliamentary fact-finding committee to investigate the circumstances in which contracts were signed with the Lockheed aircraft corporation for the procurement of aviation and other military material and the hiring of the American company's services.

The move follows allegations here that Greeks have been involved in the bribery scandal.

EMI IN THE EUROCOURT

A matter of record

BY A. H. HERMANN

THE EUROPEAN Commission and seven EEC Governments are taking opposite sides in a case begun yesterday before the European Court in Luxembourg involving the claim of CBS, the U.S. record company, to use a label to which EMI has the rights in Europe. The two companies stated their case yesterday. When the hearing continues to-day, the Commission and the Government, will amplify written submissions which they have already put in

The Commission supported the American company's wish to use the Columbia label in the EEC: all the seven governments that submitted observation, took the opposite view. In the view of the Commission it is irrelevant that European owners of trade marks cannot expect to be granted reciprocal advantages in the U.S. comparable to those claimed by CBS.

The Commission attitude can be justified only if it is granted that it is the overriding aim of the Treaty of Rome to ensure the greatest measure of competition. The British government submitted that the Treaty cannot be interpreted in a way giving advantage to those owners of industrial property rights based outside the Community over owners of similar rights within the Nine.

The governments of Belgium, Denmark, France, Germany, Ireland, and the Netherlands expressed the same view, if anything more forcibly. Italy and Luxembourg made no observations.

The background to the case lies in a long history of takeovers and mergers going back to 1917 and involving the predecessors of EMI and CBS, both of which use the Columbia trade mark for gramophone records. CBS has rights to the trade mark in the U.S., and EMI has similar rights in all countries of the Common Market.

Between 1922 and 1956 the two groups concluded a number of agreements. In the opinion of the EEC Commission these agreements provided for a market sharing between the two companies until the late 1960s. But for the past six years at least the two groups have competed sharply in the European market, where CBS distributed its gramophone records under the CBS trade mark. Most of the records were produced from American recordings by CBS subsidiaries in Europe. However, when the demand is for less than 2,000 copies, the production of separate labels for Europe is uneconomical and CBS therefore wishes to sell Columbia records from its American production on the European market.

> 'It seems rather improbable that the European Court in its present mood will accept the Commission's argument'

The matter has become of particular importance to CBS in view of the new quadrophonic method of sound reproduction. The quadrophonic systems now in commercial production are SQ used by CBS and EMI, and CD-4 developed by RCA. The record players of the one system cannot reproduce records of the other. CBS has been making SQ records for the U.S. market for about three years and some months ago started production in the Netherlands. According to CBS the minimum quantity of any one record which makes production worthwhile is 1,300, and in most cases demand does not reach that figure.

CBS would therefore like to sell SQ records under the Columbia label on the European market. It argues that otherwise the owners of SQ record players would depend entirely on EMI records which would handicap the further technical and commercial development of the SQ system and create a competitive advantage for CD-4. It is evident that the same competitive disadvantage could be claimed by EMI in the U.S. where it is prevented from using the Columbia trade mark by the existing CBS rights to it.

An attempt by CBS to penetrate the Common Market with its Columbia records was answered by EMI with three infringement actions, in Britain, Germany and Denmark. The national courts of these countries referred the matter to the European Court in Luxembourg, asking whether in view of the Café Hag decision, which eliminated territorial protection against trade marks of common origin registered in another EEC country, a similar freedom to infringe national trade mark rights may, under the EEC Treaty, be accorded also to owners of identical trade marks of common origin who are carrying on business in non-member States.

All the Governments which presented their observations to the court emphasised that protection of trade mark rights is safeguarded by the EEC Treaty, except when they are used for purposes of arbitrary discrimination or a disguised restriction of trade between member-States. The Governments further emphasised that the national courts which had referred the case to Luxembourg, had found that there were no legal, economic, financial, or technical ties between EMI and CBS, and that therefore it was not possible to apply the competition rules of the Treaty in order to eliminate the protection of EMI's trade mark rights

The Belgian government went further and stated that it is not only undesirable to deny trade-mark protection to a European group in favour of an American group while there is no reciprocity but that such a decision would distort competition within the Common Market by providing suppliers outside the Common Market with a unilateral and unjustified advantage.

The Danish government expressed much the same view and added that the EEC Treaty when dealing with external trade relations of the Community does not insist on free circulation of goods as it does in the case of internal trade within the Community. The German government drew attention to an unfavourable effect which the decisions recommended by the Commission could have on the further development of European trade-mark law. The exercise of trade-mark rights in international trade is not denied in any non-EEC country, said the German government. The denial of such rights to EEC firms would lead to a unilateral weakening of the national trade-mark laws of the member states and of the future European trade-mark law as well.

The French government said that the aim of the EEC Treaty is to integrate the national markets of member States into a common market but not to facilitate the penetration of these markets by granting advantages to outsiders. The Irish Government advanced the view that a decision in favour of CBS would under the circumstances give the use of the disputed trade mark not only to the American group, but also to all other enterprises.

Finally, the Dutch government expressed the view that a decision in favour of CBS would not only disadvantage EEC owners of trade marks against non-EEC owners of identical trade marks, but would also hurt the interests of consumers, by making it difficult to distinguish between products of different makers.

The Commission was originally in favour of EMI. However, if the Commission revised its opinion after it had discovered a connection which existed in the past between the transfer of trade mark rights between the two groups' predecessors and their market sharing agreements. Though the restrictive market sharing agreements were given up a long time ago, the trade mark rights are, according to the Commission, tainted by them. The two groups could receive absolution only if they returned the trade marks to the original owners or renounced all exclusivity rights for the market protected by the trade mark. In other words EMI could win only if it gave in.

It seems rather improbable that the European Court in its present mood will accept the Commission's argument. But it will be of very great interest to see how far it will use this opportunity to redefine its interpretation of the Treaty's aims both in respect of industrial property rights and in respect of competition from non-EEC companies.

هكذا صدر الأصل

Wilson-Cosgrave talks on Ulster next week

BY GILES MERRITT

MR. LIAM COSGRAVE, Ireland's Premier, is to visit London at the end of next week for a one-day Downing Street summit to discuss the situation in Ulster with Mr. Harold Wilson and Mr. Merlyn Rees, the Northern Ireland Secretary.

He will be accompanied by Mr. Brendan Corish, Deputy Prime Minister of the Republic. Dr. Garret FitzGerald, Foreign Affairs Minister. Bilateral questions and EEC matters, notably the Tindemans Report, are to figure high on the agenda, but it is Northern Ireland that will dominate the talks.

The meeting, on Friday, March 5, follows Wednesday next's scheduled formal ending of Ulster's deadlocked constitutional Convention and Westminster's abandonment of the search for a political solution there. Both London and Dublin see the summit as an opportunity for the two leaders to agree publicly on Britain's broad strategy for the province.

The initiative for the talks at No. 10—the first formal, arranged meeting between the two Prime Ministers since November, 1974, came from Downing Street, and Whitehall is known to be eager that the Irish Government should endorse the policy of indefinite direct rule that will shortly be announced

In principle, Mr. Cosgrave may be prepared to do that, but he will first want to examine the "streamlined" form of direct rule that the Northern Ireland Office has drawn up.

The Dublin Government is particularly anxious to block any British plans to transfer more powers to local authorities in Ulster. With local government dominated by Ulster's Loyalist parties, the Republic is naturally concerned that the position of Northern Ireland's Catholic minority would worsen.

In the past six months, relations between the two governments have been embarrassingly strained, usually over security episodes such as the McKearney affair but also by Ireland's irritation over the talks that Mr. Ree's advisers have held with the Provisionals in Northern Ireland.

There have lately been allegations that Stormont Castle has re-opened secret negotiations with the Provisionals.

Mr. Cosgrave is also expected to raise the question of Britain's economic assistance to Northern Ireland. Any form of economic sanction levelled against Ulster would naturally affect the Irish Republic's own economy and the level of cross-border trade.

Our Belfast correspondent writes: Ulster Loyalist politicians took another step towards a confrontation with the British Government when they released the text of a motion for debate in the final stages of the Convention, reiterating their demand for a return to majority government and elections to a new Northern Ireland Parliament.

The UUUC has called for adoption of its original Convention report, which was turned down by the Government with a request for fresh inter-party talks. The talks have failed, but the Loyalists are sticking to their proposals which rule out power-sharing.

Interest rates 'may fall again'

BY MICHAEL BLANDEN

INTEREST rates could fall a little further in the U.K., Mr. Alex Dibbs, chief executive of National Westminster Bank, said yesterday.

A chance existed that bank base lending rates could come down by at most another one-half per cent. by the spring, after the recent reductions to 9½ per cent. However, he foresaw that the trend in the U.K. would then tend upwards again.

The bank did not foresee any substantial recovery in industrial demand for loans much before the last quarter of the year, and it might be delayed until early next year.

The level of demand remained low, but a renewed rise in the level of U.S. interest rates was expected and the potential weakness of sterling would force the U.K. to follow suit.

These views are echoed in the latest review of European interest rates published by Williams and Glyn's Bank. The decline in U.S. rates seems to have come to an end, the bank says.

"This, together with the U.K. authorities' action since early February to check the recent euphoria in the gilt market, suggests that the sharp decline in U.K. rates so far this year is unlikely to continue.

"With recent progress in bringing the domestic rate of inflation down to international levels, the possibility still exists for some modest further falls in U.K. money market rates, before the anticipated firming in U.S. rates materialises."

Elsewhere in Europe, interest rates had drifted lower in the four weeks to mid-February. Apart from the U.K., there were cuts in Austria, Sweden and the Netherlands.

In Austria, discount rate and lombard rate were reduced by 1 per cent: to 5 and 5½ per cent. respectively on January 23, the first cut since last March.

Sweden cut its rate by ½ per cent. to 5½ per cent. on January 29, and in the Netherlands discount rate was cut by ½ per cent. to 4 per cent. on February 2.

Mersey makes do with 1p on rates

By Our Merseyside Correspondent

MERSEYSIDE County Council yesterday fixed the rate precept for the coming year at 28p—an increase of 1p—to cover estimated expenditure of £75.6m

Mr. William Sefton, county council chairman, warned the Government that when the economic climate improved Merseyside would expect its full share of available resources. An increase of 1p reflected "a very tight budget."

There was public concern about the increasing level of public spending and the over-hasty contraction of essential services.

"When the economic climate changes, it must be made clear to the Government that Merseyside, which has suffered economic and social deprivation over many years will expect its full share of national resources, and more than in some other parts of the country."

Rush to buy 'pushes Brentford Nylons sales up by 40%'

BY RHYS DAVID, TEXTILES CORRESPONDENT

SALES IN the 70 shops operated by Brentford Nylons, the household textiles concern which announced the appointment of a receiver on Monday, are reported to have been up by 40 per cent. yesterday on recent trading levels.

The boost to business from housewives evidently concerned that the company's keenly priced merchandise will no longer be available, was disclosed by the receivers, Cork Gully, who were continuing their assessment of Brentford's position.

Mr. John Naylor, of Cork Gully, visited the company's main factory at Cramlington, Northumberland, to carry out a preliminary investigation. The other joint receiver, Mr. Kenneth Cork, visited the company's headquarters at Brentford on Monday.

At Cramlington, Mr. Naylor was met by a delegation of local directors and union officials who urged that the plant be put under local control.

The unions have already called on workers at the plant, which employs about 1,500, to co-operate with the local Board.

Mr. John Ryman, Labour MP for Blyth, whose constituency contains the Cramlington plant, said yesterday that he would ask Mr. Eric Varley, Industry Secretary, to mount an immediate and comprehensive inquiry into the company's affairs.

Mr. Ryman claimed there was a need for changes in the structure of management, locally and nationally.

Mr. Cork said yesterday that as receivers they woud be seeking to ensure that the company continued trading while a full examination is conducted into its finances and prospects.

Early talks are expected to be held with the company's suppliers who include a number of leading fibre companies, to ensure continuity of supply. One of the main casualties in the Brentford Nylons decision to call in a receiver is Allardyce, its advertising agency, Antony Thorncroft writes. Brentford Nylons was once among the biggest advertisers in the U.K., spending more than £3m. a year. Last year it spent £2m.

Mr. Don Bailey, managing director of Allardyce, said that the agency expected a maximum post-tax loss of £105,000 from Brentford's troubles. However, the agency, part of the publicly-quoted Kimpher Group, could meet all its liabilities and expected that its real loss, after the liquidator had finished his examination and after insurance payments, would be much less.

Brentford Nylons was expected to continue advertising.

Shell-Esso brings ashore first oil from Auk field

BY RAY DAFTER, ENERGY CORRESPONDENT

THE FIRST supplies from Shell/Esso's Auk field were landed at Teesport, Middlesbrough, yesterday, marking the start-up of Britain's third North Sea oilfield.

Some 25,000 tons of Auk crude was delivered to Shell's Teesport refinery by the tanker Zaria. The oil had been loaded above the field through an exposed location single buoy mooring system.

The field, developed at a cost of £58m., is the smallest of the finds so far declared to be commercial. Recoverable reserves are believed to be about 50m. barrels, and peak production is expected to be 40,000 barrels a day (about one-tenth of the peak rate from BP's Forties field).

Auk should reach peak output early next year. Over the next 12 months, it is likely to provide roughly a third of Teesport refinery's requirements, equivalent to about 1.5 per cent. of the U.K. consumption of crude oil. This will represent a saving of £45m. a year in foreign exchange. When the field is on full production, the savings will amount to about £100m. a year.

Mr. William Bell, managing director of Shell U.K. Exploration and Production, said that deliveries from Auk were only a beginning as far as group oil production was concerned.

Much more oil would come from Shell/Esso's other U.K. oilfields, in particular the Brent discovery. By 1982 the partnership should be producing well over 800,000 barrels a day of oil and natural gas liquids — approaching 50 per cent. of the present rate of U.K. consumption.

High cost

Mr. Bell pointed out that development costs of Auk had risen considerably above original estimates. Immense problems had been overcome, and it was doubtful whether such a small field would be worth developing at to-day's costs.

● Comex Diving is to expand the range of its underwater services this spring by the introduction of two submarines and their support vessel.

IN BRIEF

Rebel Scottish Labour MPs attack cuts

The two Scottish MPs who last month formed the breakaway Scottish Labour Party—Mr. James Sillars (South Ayrshire) and Mr. John Robertson (Paisley)—said in Glasgow yesterday that they would vote against the Government's proposed public expenditure cuts.

Mr. Sillars said the measures were neither justified nor necessary and would add some £3.50 a week to the average household budget.

Coventry candidates

There were seven candidates when nominations closed yesterday for the Coventry North-West by-election — due on Thursday week. As well as representatives of the Labour, Conservative and Liberal parties and the National Front, candidates are standing on behalf of the More Prosperous Britain Campaign, the National Party of the U.K. and the Logic Party.

Accidental deaths

No one was criminally negligent before the Houghton Main pit explosion last June, in which five miners died, coroner Dr. Herbert Pilling told the jury at a resumed inquest at Barnsley. "The faults in the communications system concerning the repairs to machinery were no more than careless and simple dereliction of duty which happens daily in our lives." The jury returned verdicts of accidental death.

Detergent pledge

Detergent manufacturers have agreed with the Government that new chemicals introduced into detergents will be screened to ensure that they do not damage rivers or hamper sewage treatment.

Sickness up

New claims for sickness benefit totalled 315,200 in the week to February 17—105,000 more than normal for the time of year.

Exports plea

Britain could hold her own in world trade, but it was essential for her to get a 10 per cent. increase in exports if the balance of payments problem was to be "lifted," Sir Frederick Catherwood, chairman of the British Overseas Trade Board, said in Glasgow. He forecast a 4 per cent. increase in exports in the first half of this year.

Agreement between R-R and NEB near

By Adrian Hamilton

THE OPERATING agreement setting out th lines of reporting between Rolls-Royce (1971) and the National Enterprise Board has now been presented for approval to the Boards of the two bodies concerned and could be published this week.

A memorandum of understanding already agreed personally by Sir Kenneth Keith, chairman of Rolls-Royce, and Lord Ryder, chairman of the NEB, was considered by the regular Board meeting of Rolls-Royce last night.

While the Rolls-Royce Board has yet to announce its decision and could still present objections to details, first indications last night were that approval would be given.

If passed, the full text will probably be published by the Government near the end of the week.

The agreement was only worked out after a fierce public row between Sir Kenneth and Lord Ryder over the terms on which Rolls-Royce would come into the NEB fold, and in particular Rolls-Royce's rights of direct access to Government advice and intervention.

As it is, the broad lines of the understanding reached are not thought to be radically different from those under discussion between the NEB and its other subsidiaries.

Aero-engines

The National Enterprise Board is to take over the Department of Industry's previous role of financial supervisor of Rolls-Royce, approving its long-term and annual plans and reviewing its progress monthly.

The Board also seems to have formally written in its duty to approve and become responsible for major capital expenditure by the company, even though some projects may receive direct Government launching aid.

On the other hand, Rolls-Royce has been able to include its formal right to continue discussions directly with Government on aviation policy, to gain the separate advice of the Industry Department on aero-engine projects and to appeal over the head of the NEB to the Department or Number 10 should the occasion arise.

The agreement of both Sir Kenneth and Lord Ryder should settle the conflict between them. But this will not be tested until the next major project comes up for decision, possibly by the summer.

Operating agreements between the NEB and its other main subsidiaries are already thought to be in an advanced stage and a number may soon be signed.

Rolls-Royce Motors loses appeal

BY MARGARET REID

ROLLS-ROYCE Motors Holdings lost its appeal to the High Court yesterday against a decision debarring it from offsetting £64m. of losses incurred by the collapsed former Rolls-Royce group against its own post-1971 profits.

The appeal followed the ruling in 1972 by the Special Tax Commissioners that the motor company, separated from the old group and floated independently on the stock market in 1973, was not entitled to set the Rolls-Royce losses against its earnings.

The High Court rejection comes as no great surprise to the City, and Rolls shares were unchanged last night at 70p. It was known at the time of the flotation that the Special Commissioners had ruled adversely, but that after receipt of legal advice an appeal would be made.

Mr. Tom Neville, Rolls-Royce Motors' finance director, said last night: "Our accounts have always been prepared on the basis that the Special Commissioners' ruling would be upheld."

It seems on the whole improbable that Rolls-Royce Motors will contest the case further, though a decision on this will await study of the court's full statement.

Costs of the appeal to the company are expected to be modest at about £20,000. Expenses of the original presentation of the issue to the Special Commissioners were borne by the Rolls-Royce Receiver.

Giving judgment yesterday, Mr. Justice Walton noted that the case arose out of the "sensational collapse" of Rolls-Royce in 1971.

The Government acquired the assets of the aero-engine and marine and industrial gas turbine divisions, and a new company, Rolls-Royce (1971), was formed incorporating this part of the business.

The Special Commissioners had found there was a "clean break" in business when the motor divisions were separated from the rest of the old Rolls-Royce. They had said this meant Rolls-Royce Motors could not take advantage of Section 177 of the Income and Corporation Taxes Act, 1970, which enables trading losses from previous years to be set off against surpluses for succeeding years.

Mr. Justice Walton said that if the Commissioners had reached any other conclusion on the facts, it would have been "ludicrous."

Rolls-Royce Motors claimed it was carrying on the trade of the old company, which had always been designing and expoliting power production units. Rolls had really succeeded to the historic trade of the company, the judge said.

The losses on which the company wanted to claim benefit were incurred in a trade which included development of the RB-211 engine. After the company split, development of the RB-211 was continued by Rolls-Royce (1971).

Therefore, if anyone could be said to be carrying on the same trade so as to benefit from the losses it would appear to be Rolls-Royce (1971), said the judge. He ordered Rolls to pay the legal costs of the Inland Revenue, which contested the appeal.

King Size boom is over

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SMOKERS are buying cheaper and smaller cigarettes after heavy increases in duty in 1974 and 1975.

Last year the number of cigarettes sold fell by 3 per cent., but because of the movement to filter cigarettes—and especially to smaller-size filter cigarettes — sales in weight declined by 5.75 per cent.

This means the Chancellor has completely reversed the trend up to 1974, when the King Size sector of the cigarette market was the fastest-growing. The trend developed during the 1968-74 period when there were no duty increases and cigarettes were getting relatively cheaper compared with the cost of living.

The trading down the industry expected resulted last year in a 16.5 per cent. drop in the numbers of plain cigarettes sold, from 21.25bn. to 17.75bn. The fall in filter cigarette sales was only 0.75 per cent., from 115.75bn. to 114.485bn.

Filter cigarettes now account for 86.6 per cent. of the total market by count.

The statistics, analysed by the Tobacco Advisory Committee, show a significant increase in sales of hand-rolling tobacco—another indication of substantial trading down by smokers. Sales were up 5.2 per cent. at 14.2m. lbs manufactured weight.

Cigar sales also managed an increase last year, but the percentage rise was well below the 10 per cent. seen in both the previous two years. By count, cigar sales rose 2.5 per cent. to 1.64bn.

The peak has obviously passed for cigarillo sales, however. They saw a 3 per cent. decline from 165bn. to 160m. by number last year.

Sales of pipe tobacco also fell, from 11.9m. lbs to 11.1m. lbs.

'Save thyself' Crosland tells BR

BY ARTHUR SMITH

BRITISH RAIL must raise productivity and not look to the taxpayer for help, Mr. Anthony Crosland, the Environment Secretary, said last night.

In the present economic climate there were "no soft options," he told the Parliamentary Labour Party's transport committee.

"The railway industry cannot look to the taxpayer for larger and yet larger subventions: It must look to itself to make better use of the money it has."

Mr. Crosland vigorously rejected the arguments of the pro-rail lobby that catastrophic cuts in the railway system were an inevitable consequence of Government policy.

The extent to which rail fares rose depended partly on the level of Government subsidy, but also on how much costs rose —"and that is as much in the hands of the industry as in the Government's."

Every nationalised industry had had to face reductions in subsidy. "Everywhere the search is on for the higher productivity and greater efficiency on which our economic survival depends. The railway industry cannot—and should not—be insulated from these pressures."

The only way Britain could have an adequate railway system was by "an all-out joint effort to make substantial gains in productivity and efficiency."

Gas chief hits electricity men

BY RAY DAFTER, ENERGY CORRESPONDENT

THE EFFICIENCY of the electricity generating industry came under attack from Sir Arthur Hetherington, chairman of British Gas, yesterday as the latest shots were fired in the battle among the nationalised energy industries.

Sir Arthur was refuting suggestions, made last week by the leaders of the coal and electricity sectors, that gas should be taxed to bring the prices of the three fuels into line.

In the domestic market, said Sir Arthur, the major competitor of the gas industry was "much more expensive" electricity. "The explanation for this is that nearly all electricity is produced by burning other fuels under power station boilers and only about one-third of the gross energy input at the power station is available to the customer at the point of use."

On the other hand, the gas industry had invested hundreds of millions of pounds in building an efficient underground transmission system to bring gas from the North Sea.

"A tax on gas would penalise nearly 14m. gas consumers and would be completely unjustified," Sir Arthur went on. It was nonsense to talk of the possibility of taxing gas and imposing a totally unnecessary and unfair burden on gas customers.

Sir Arthur pointed out that price restraint policies had already cost British Gas millions of pounds over the past two years. Gas was still subject to the price code which operated on the basis of attributable costs. As a result, British Gas was prevented from increasing its tariffs even if it wished to.

SNOW REPORTS

	Depth (cms.) L	Depth (cms.) U	State of Piste	Weather	°C
Andermatt	30	150	Good	Fine	2
Isola 2,000	180	200	Good	Sun	6
Murren	78	135	Fair	Fine	4
Niederau	20	50	Icy	Fine	−8
Pontresina	30	165	Fair	Fine	1
St. Anton	40	200	Good	Fine	4
Tignes	65	185	Fair	Fine	6
Verbier	20	160	Fair	Fine	−2

Above reports are supplied by Ski Club of Great Britain. The following are from other sources.

	Depth (cms.) L	Depth (cms.) U	State of Piste	Weather	°C
SPAIN					
La Molina	10	60	Fair	Fine	−3
Masella	50	70	Good	—	−3
San Isidro	131	256	Good	Snow	−1
Solynieve	76	108	Good	Sun	3
SWITZERLAND					
Adelboden	40	58	Good	Sun	2
Braunwald	30	130	Good	Sun	−3
Grindelwald	60	110	Good	Sun	−5
Gstaad	20	90	Good	Sun	−3
Leysin	38	110	Hard	Sun	−4
Saas-Fee	80	120	Good	Sun	−7
GERMANY					
Berchtesgaden	5	90	Fair	—	0
Garmisch	3	60	Fair	Fine	−4
Mittenwald	10	60	Good	—	1
Oberammergau	10	80	Good	—	−3

SCOTLAND

Cairngorm—Main runs all complete. Lower slopes: only a few runs complete, hard-packed snow. Vertical runs 1,800 feet. Access roads clear. Snow level 2,000 feet. Glenshee—Main runs most complete. Lower slopes, ample nursery areas. Vertical runs 1,000 feet. Access roads clear. Snow level 2,000 feet. Glencoe—Main runs all complete, powder snow on a hard base. Lower slopes, no complete runs, patchy cover of snow. Vertical runs 1,300 feet. Access roads clear. Snow level 2,300 feet. Forecast—Mainly cloudy. Occasional rain.

January building figures show rise against December

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOUSE-BUILDING in 1976 got off to a predictably low-key start, according to provisional figures for January released by the Department of the Environment.

The Department estimates that the total number of starts on homes last month reached 24,000, a modest improvement over December but substantially down on the monthly average recorded in the last part of 1975. Housing output is at a seasonally low ebb, but the January performance picture is still not too encouraging compared with the same month a year ago, when starts topped just over 20,000.

A start was made on 14,000 council homes in January, an increase of 1,000 over December and 2,500 more than in the first month of 1975. Private starts reached only 10,000, a marginal rise over December and 1,400 over the same month a year ago.

In housing completions, an estimated 22,000 homes were finished in January, a fall of 5,000 from December 1975 and slightly below the total recorded in the first month of last year.

Council house completions nosedived from 15,500 in December to 11,000 in January and were just 700 up on the first month of 1975. Private completions in January were also 11,000, a fall of 1,500 from December and of 900 from last year.

Taking three-monthly totals to reduce the effect of month-to-month fluctuations, total starts in the period November-January were 5 per cent. up on the previous quarter and 40 per cent. on a year before. Completions were down by 5 per cent. on the previous quarter, but still 14 per cent. up on a year earlier.

Other figures from the Department yesterday showed house renovation grants given for an estimated 22,700 homes in England and Wales in November-January quarter, compared with 36,200 a year earlier.

The Department stated yesterday that figures for house-building in Great Britain last year had been changed since their original release earlier this month. The latest figures show that total housing starts last year reached 322,300 compared with 252,100 in 1974, while total completions stood at 311,800 against 268,800 in the previous 12 months.

No recovery in prospect for industry yet

BY OUR BUILDING CORRESPONDENT

THE construction industry's worst recession in 50 years shows absolutely no prospect of early improvement according to Mr. Martin Grafton, director-general of the National Federation of Building Trades Employers.

Mr. Grafton says in a report to his federation's council that the latest details of architects' new commissions and contractors' orders provide a clear indication of what is to come.

"It seems that nothing can now prevent the industry's workload from settling down at something like three-quarters of the 1972-73 level, or even lower, for an indefinite period."

Beyond token gestures, the Government could do little to relieve the situation.

Recent measures to help the construction sector had been well intended but were "no more than a drop in the ocean" and the Government remained hemmed in by the urgent need to curb public expenditure.

In spite of the poor outlook and the slim chances of any significant help, pressure for a three-point programme of assistance for construction would be maintained.

"First, public expenditure cuts should not be at the expense of capital works while there is evidence that much current expenditure is relatively unproductive.

"Second, in the country's present parlous state, every encouragement must be given to private housing, particularly to first-time buyers, thus relieving public expenditure of the huge council-house subsidy burden.

"Third, if business confidence is indeed returning, private industrial building should be encouraged by all means possible." Industrial construction for private clients had remained one of the major building industry blackspots, with only commercial building output showing a bigger downturn.

Concern is growing over future of Swan Hunter

BY JOHN WYLES, SHIPPING CORRESPONDENT

MOUNTING concern over the future of Swan Hunter Group Britain's biggest shipbuilder, is likely to be voiced at talks on Friday between the company's senior management and Mr. Gerald Kaufman, Minister for Industry.

Ostensibly, Mr. Kaufman is visiting Swan's Tyneside yards for discussions with management and unions on how industrial democracy might be applied in the shipbuilding industry after its nationalisation later this year.

part of the company's order book through the cancellation by Swan Maritime of options on nine new ships, is expected to put the future of the company's 24,000 workers high on the agenda.

Although Swan Hunter has refused to comment on its problems, redundancies seem likely by the end of the year unless new orders can be found.

Management and unions are likely to urge Mr. Kaufman to try to land a Ministry of Defence contract for the company for a through-deck carrier which is due to go out to a British yard shortly.

However, Ministers are now thought to be clearly aware of the increasing difficulties facing Swan Hunter on the eve of its nationalisation. Some more immediate problems stem from the purchase of some of the steel and other materials for the building of the Swan Maritime ships.

Swan Hunter has managed to cancel some orders, and is now believed to be trying to sell some steel plate to industrial users.

Any cash from such sales would be useful now the company is completing work on three ships which Swan Maritime has so far failed to sell to other purchasers.

These ships, which include the large tanker, Tyne Pride, could be a burden on Swan Maritime's finances which in turn are affected by the cash troubles of the Israeli-American shipping group, Maritime Fruit Carriers.

MFC, which has a 75 per cent. stake in Swan Maritime with Swan Hunter holding the other 25 per cent., has already defaulted to the tune of $23.5m. on debt of $88.5m.

MFC's new management held day-long talks in London yesterday with a small group representing its main banking and institutional creditors.

On balance, a rescue deal looks likely to evolve over the next few weeks, but it is not certain that this would permit Swan Maritime to go ahead with options on four ships still remaining with Swan Hunter.

Similar doubts also exist over orders for three large tankers placed with Harland and Wolff in Belfast.

● An urgent appeal to oil companies to help tackle the world oil tanker surplus by rescheduling vessel-building programmes was made by the International Association of Independent Tanker Owners (Intertanko) in Norway yesterday.

Home agent licence plan supported

GOVERNMENT proposals for the licensing of Britain's 25,000 estate agents have been supported by the Royal Institution of Chartered Surveyors, *writes Michael Cassell.*

The institution has made representations to the Department of Prices and Consumer Protection after the publication in November of a consultative document, the Regulation of Estate Agency.

It says in its submissions that a system of control could best be introduced by allowing existing professional bodies to cope with its administration.

Supporting the Department's view that adequate financial protection should be given to the public, the institution, which represents 12,000 estate agents, says that anyone practising should be required to pay deposits into a separate client account and either hold an indemnity bond against fraud, dishonesty or misappropriation, or contribute to an approved compensation fund.

Britain 'pioneering mining research'

BY JAMES McDONALD

BRITAIN'S accelerated mining research and development effort was paving the way—not just for the U.K. but for the world—towards technology "we shall surely need as our economies turn once more to coal in meeting their energy requirement," Sir Derek Ezra, chairman of the National Coal Board, said yesterday.

Speaking at the NCB's Mining Research and Development Establishment at Stanhope Bretby, Sir Derek said: "We are doing work here on two developments which are likely to produce the next significant advance in the industry's productivity—remote and automatic control of mining systems and full mechanisation of operations at the ends of coal faces."

The first task was to ensure complete reliability of systems and their component parts. This vital proving work was one of the main objectives of research aiming at the eventual introduction of remote control and automation based on mini-computers.

For the ends of coal faces the Establishment was developing methods of combining several machines involving all operations about the roadhead into integrated, reliable systems.

The Establishment had 28 contracts for projects receiving support from the European Coal and Steel Community, with nine more to start this year. Together they represented Community research aid of over £1.6m. towards the Establishment total budgeted expenditure of £11.6m.

"Now we are looking at the returns that we can get from exploitation of MRDE developments in home and foreign markets," Sir Derek said.

The Coal Board had arranged for "compact packages" of the new machinery and technology to be applied in several collieries to build up knowledge of the new systems.

Executive job demand down 30% last year

By John Elliott, Management Editor

DEMAND for executives in the U.K. continued to fall during the final quarter of 1975 and contributed to an overall drop of 30 per cent. in management recruitment over the whole of last year.

At the same time, a slight upturn on a seasonally adjusted basis in December suggested that the situation might recover. Increased foreign demand for U.K. executives, however, could impose a constraint later on in Britain's growth capability.

These were the main conclusions to emerge from the MSL Group's latest index on job opportunities published yesterday.

"The executive who decides, or is compelled by circumstances, to seek a new appointment to-day will have exactly half the number of job opportunities available to him that he would have had when the index was at its peak in mid-1973," commented MSL.

The fall during the year was spread across almost all types of management jobs with demand for production managers falling by almost 50 per cent., while the accounting and financial sector fell to its lowest level for ten years.

Urgent need

The number of personnel appointments also fell away noticeably, reported MSL, with demand down 45 per cent. over the past two years. "Viewed in relation to the country's urgent need for professionalism in industrial relations and for proper understanding of the human factor in industry, this reduction in demand for personnel people seems all the more remarkable," said the report.

But MSL found the "gloomiest feature of the present situation" the lack of demand for sales and marketing executives which remained depressed throughout 1975 at something less than 45 per cent. of the 1973 level.

Overall, the MSL index, based on jobs advertised, dropped 85 points in the third quarter of 1975 to 79 at the year end and was only just above the lowest figure reported during the index's 15-year life.

In an article accompanying the index, Mr. Garry Long, international director of MSL, forecast that the increasing demand abroad for U.K. executives would impose a "serious restraint on the U.K.'s growth capability."

New strategy 'should include competitive consumer market'

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

DISTRIBUTION and its role in the economy must be taken into account in developing economic policy both at national and local level, a "Little Neddy" report on the distributive trades says to-day.

A competitive market in consumer goods should form an essential part of any new national industrial strategy and plans for restructuring consumer-goods industries must be oriented to consumer needs and involve those whose job it is to sell the goods to the public, the report says.

Rejecting the idea of a national plan for the distributive trades, the working party concludes that the job of the Economic Development Committee for the Distributive Trades should be to call for specific action by Government and both sides of industry, backed by arguments as to why this action is necessary.

Discrimination against the trade in tax treatment, specifically on capital allowances, should be removed because it reduces the amount industry is able to invest in cost-saving equipment, buildings and manpower.

Also a code of practice, aimed at improving the relationship between retailer and supplier should be developed and further research initiated by the EDC to demonstrate the benefits of improving personnel policy.

Workforce

The report, carried out by the working party of the distributive trades EDC and accepted by the full committee, examines in detail the structure of the distributive industry which, it says, adds about £8.5bn. to the gross domestic product and, with a workforce of 2.5m., employs one in four workers.

The report says it is not possible to predict with certainty the future shape of the retail market, but distributors must be allowed to be entrepreneurs.

This meant greater involvement in developing national economic policies and in local government planning.

Co-ordination of policy and action at a local level and the decisions of local authorities were increasingly important in the determination of the shopping pattern and in ensuring it meets the needs of the whole community.

The distributive trades should become more closely involved in this process, and play a fuller part in achieving better decisions by the planning authorities at a local level.

At present, too frequently only the needs of the small trader were represented in local government planning decisions.

Evidence existed that decisions were being taken more quickly on edge-of-town developments, but this might be due only to the smaller number of applications, and when the upturn came delays might again become serious unless those responsible made certain that the way planning applications were handled worked more smoothly.

Manpower and the relationship between the retailer and his suppliers are also examined, and the retail trade's serious shortcomings in establishing career opportunities, and its poor image with prospective employees, are highlighted.

A warning is given on the dangers, in the present recession, of short-term cuts on "manpower investment" such as training and the provision of welfare facilities.

If decisions were delayed in these areas, it would be much more difficult for the distributive trades to seize the initiative when the upturn came

Concerning low wages both sides of industry should press for alteration of the present system, which meant that big increases in the gross pay of low-income families were necessary, to secure even a modest increase in disposable income.

Industrial Strategies in the Distributive Trades. Distributive Trades EDC, Millbank Tower, Millbank, London, SW1P 4QX. Free.

Mr. R. Millar-Smith

Mr. R. Millar-Smith of Windsor, who complained to the Press Council over a case in which the Daily Telegraph was reprimanded for giving unnecessary publicity to the identity of a relative in a court case, points out that he himself was unconnected in any way with the case.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Happier landings for motor cyclists

INCREASING USE of motor-cycles for personal transport, particularly by young people, the vulnerability of the riders in accidents and the escalating costs of insurance claims are focusing attention on improving the inherent safety of the machines and protection of the riders from serious injury or death. The U.S. Department of Transportation has taken a lot of interest in this because of the large usage of motor-cycles mainly from imported machines, U.S. itself not being a major producer.

For the past seven years the major U.S. Government-sponsored motor-cycle crash test work has been carried out in the U.K. via sub-contracts from Denver Research Institute, Colorado, to Dr. Peter Bothwell, Caliber Design, Bidford-on-Avon, Warwickshire. Crash testing is carried out in co-operation with the MIRA crash test laboratory near Nuneaton.

During that time some 80 fully instrumented crash tests, using motor cycles mainly supplied by Japanese manufacturers and with instrumented dummy men, have been carried out in many varieties of impact situation. Recently these tests have been carried out between moving motor cycles colliding with moving motor cars.

Dr. Bothwell believes there are two parts to the problem of significantly improving crash safety of the motor cycle and rider. First, there is the possibility of reducing the rider's chances of leg and body injury in the first 250 m/sec. of impact by improved leg protection design, and secondly the dynamic behaviour of the motor cycle in the impact.

Perhaps more important is the fact that the rider becomes a flying missile after the first 250 m/secs. For this situation the problem of achieving better rider protection resolves itself into the ways for achieving significantly improved protection for the head, neck and upper part of the torso.

Out of much test experience, including some with inflated argon gas bag devices fitted to the motor cycle and others with gas cushions worn by the rider in the form of a jacket, Dr. Bothwell's view is that the most promising approaches could lie in the development of improved safety helmets and of a more revolutionary approach in the form of rider-worn gas cushion jackets. These have the potential to reduce impact injury to the head by 8 to 10 times compared with the best existing safety helmets. They could also stabilise the neck and protect the upper parts of the chest.

These devices have the advantage that the rider-worn jacket can be light, they preserve rider freedom and are only explosively inflated in an impact. This means they are required in the inflated form for a maximum of about 1½ seconds. The majority of severe head injury occurs in the ½ second after impact.

A sensor on the motor cycle detects impact deceleration and the gas cushion jacket is fully inflated in 40 m/secs. cushioning the rider irrespective of the angle of impact. The device generating the gas is on the motor cycle and the rider would have to "plug in" before starting a journey.

Unlike the air bag cushion in a car the rider-worn gas cushion jackets can provide all round protection for the torso. At present the device is only in its early experimental form and a great deal of development is needed. But because of the rising interest in motor-cycles any development which could potentially reduce the severity of an accident by eight to ten times, while preserving the essential motor-cycle image and configuration, can be considered of significance for the future of the industry as well as preservation of life.

PETER CARTWRIGHT

Simulates the view

THOSE designing the control cabins of many kinds of vehicle or other moving equipment might find useful a panoramic vision system developed at British Aircraft Corporation's commercial aircraft division at Weybridge, Surrey.

The pilot, driver or controller sits inside a Perspex cylindical screen 5 feet in diameter and 6 feet high and coloured slides of his external view are back projected by three projectors spaced around the outside of the screen. A continuous "wrap-round" picture is formed covering 282 degrees in azimuth and ±45 degrees in pitch.

BAC has been using the system for aircraft cockpit design where a compromise is customarily made between what would be ideal in all modes of flight and the weight penalty of the windscreen with its associated power requirements for demisting and de-icing.

The instruments also need to be suitably situated to minimise head and eye movement between "head up" and "head down" observation. Flight patterns can be projected in "real time" steps or at a faster or slower rate to suit an asessment programme. Artwork for the slides is produced from computed data and to overcome the distortion resulting from the use of flat slides projected onto a circular screen, the pictures are wrapped round a small drum and then photographed in three rotational steps of 94 deg. The distance of the camera is such as to cover 94 deg. of drum, allowing one degree overlap for picture alignment and continuity.

Although designed for aircraft work, the system seems bound to have applications in other work. In place of the flight pattern the viewer could watch docking manoeuvres from the bridge of a ship, sit in a cabin or other form of interior design, or view a building complex from a predetermined position. More from Trevor Wooderson on Weybridge 45522, ext. 6808.

● COMPONENTS

Pressures selected

REMOTE selection and control of air line pressures are possible with "Dial Air" regulator kits marketed in the U.K. by Bridon Air Treatment of Leighton Buzzard.

Each has a line-mounted regulator based upon a unit which is pilot operated via a standard ¼inch air line by a special remote regulator with adjustable pressure settings.

Two ranges are available, one for ¾inch, 1inch and 1¼inch applications and the other for applications up to 1,600 scfm with 1½inch or 2inch connections.

Maximum inlet pressure and temperature are 300 psig and 200 degrees F and this provides an output controllable in 5 psig steps of either 5-160 psig or 8-160 psig.

Selection and control are affected by a Wilkerson R11 pilot regulator which incorporates a large adjustment knob surrounding a dial calibrated in 5 psi steps. This unit may be used as a line pressure gauge as well as a controller/regulator, thus eliminating the cost of a separate instrument.

Bridon Air Treatment is on Leighton Buzzard (052 53) 75416.

Constant torque control

STANDARD induction motors up to 40 hp can be controlled at constant torque using the Modu-Drive regulator from Allen Bennett.

Three phase mains is bridge rectified with thyristor control to give a direct current, the voltage of which is adjustable. This is fed after smoothing to a three phase chopper type inverter to give a variable frequency output which is dependent on the DC voltage level.

By allowing the speed set reference to vary the phase angle on the DC bridge a constant voltage: frequency characteristic and thus full torque throughout the speed range is obtained. Speed ranges of 10 : 1.

Other features include an adjustable current limit, adjustable compensation for loss and slip and an acceleration control. Optional facilities include reversing, braking, digital control and speed matching to an accuracy of better than one in a hundred thousand. The 10 hp version costs £1,293. Allan Bennett, Orgreave Close, Sheffield S13 9NP. (0742 693281).

Slide valves for granular materials

MANUALLY operated slide valves for controlling the flow of powdered and granulated materials have been introduced by Britton Valves, Torridge Hill, Bideford, Devon EX39 2AZ (02372 77386).

With aluminium bodies and stainless steel slide plates on nylon supports, there are a range of round or square apertures. There are two types, the OM for open discharge applications with 150 mm. and 200 mm. diameter opening, and the lever-operated SL type, with 150, 200, 250 and 300 mm. diameter apertures. Prices range from £16 to £109.

● INSTRUMENTS

Two-in-one sound meter

ARDENTE HAS designed a self-calibrating sound level meter.

This represents a simplification in industrial grade sound level meters and dispenses with the further expense of independent field calibrating units. "A" and "C" weightings, fast and slow response and DC output are provided as standard.

This meter complies with BS.3489 I.E.C. 123 (2) and A.N.S.A. S14 (2) and has a range of 44dB to 130dB in eight steps of 10dB.

Ardente Industrial, Ardente House, Thames Avenue, Windsor, Berks. (Windsor 63142.)

● POLLUTION

Treats the effluent

TO REMOVE chromate from cooling tower blowdown, Andco Environmental Processes Inc., 51 Anderson Road, Buffalo, New York, 14225, U.S., has introduced a system which allows operators to continue using the preferred chromate water treatment while avoiding any attendant pollution problems.

The prefabricated package requires a few square metres of space, and is stated to remove chrome to less than 0.05 ppm in a once-through continuous process. Zinc and organic phosphates are also reduced to meet current environmental standards—copper, tin, lead, nickel, iron and other metals can also be removed.

No pH adjustment or chemical addition is needed. The system is largely automatic, and requires almost no operating labour. Operating costs are said to be minimal.

● ENERGY

More power from solar panel

A SOLAR battery by Mullard has increased efficiency and higher power ratings. Type BPX 47A consists of 34 40 mm diameter disc-shaped cells connected in series and embedded in a flat transparent plastic moulded panel measuring 488 x 365 x 15 mm. Power output is typically 10.7W in sunlight conditions.

Improved cell efficiency (resulting from lower cell temperatures) is achieved because the panel transparency allows sunlight to pass through "unused" areas with low heat absorption.

The technique of embedding the cells in the plastic panel ensures that the battery meets the environmental requirements of equipment for use in the rigorous conditions encountered (snow, sand-storms and sea spray) in many of their more frequent applications.

Solar cell batteries often provide the only practical solution to the problem of supplying power to equipments in remote or hard-to-get-to locations.

Typical of these are repeaters on mountain ... equipment in desert regio... radio beacons at sea.

Mullard, Mullard House, Torrington Place, London, (01-580 6633).

● AUTOMATION

Motorised drain valve

A MOTORISED drain ... which permits com... station pressure vessels ... dryers to be drained ... matically, is being mark... Anthony Pratt and C... Burlington Road, New ... Surrey KT3 4NG 01-942 ...

Known as the Van-Air ... 103, the actuator which ... and closes the drain va... command is controlled b... state circuitry, and allows ... tion to be programmed, ... between drain periods ... adjusted between 15 minu... 3½ hours, while drain ... duration may be varied ... 4 seconds and 34 seco... 2-second increments.

In operation, conden... discharged through the va... drain line in a straight-... flow pattern, without dir... changes which might caus... ups or deposits. The 1-inc... with stainless steel ball, ... to fully open and fully ... positions. Rotation of t... valve against Teflon seal... away any film or drai... residue.

Suitable for vertical ... zontal installation, the ... weighs 11 lb, and occup... than ¼ cubic foot. Di... capacities at 100 psi ... vessel with a 1-inch dra... vary from 3½ gallons ... 4-second drain period ... gallons with a 34-secon... period.

● ELECTRONICS

Cleans up the boards

COPPER laminated board can be pre-cleaned for PCB preparation with the minimum of time and mess using the Polifix block offered by Decon Laboratories.

The cleaner is a silicone rubber block 40 x 30 x 20 mm impregnated throughout with fine grade non-metallic abrasives. It is used straight on to the soiled or tarnished laminate, rather like a large eraser. The surface is burnished to a high gloss with the added advantage that the surface is keyed to accept at etch resist.

Long lasting, the block has other uses in electronics including cleaning circuits before tinning, contact cleaning, and lacquer or paint removal. A dozen blocks cost £7.50. More from Ellen Street, Portslade, Brighton, Sussex BN1 1EQ (0273 414371).

Fast tester of circuits

UP to 500 devices per hour can be tested on a "goods inwards" basis by non-technical personnel using the Alpha Data C1416 system from Telonic Altair, 2 Castle Hill Terrace, Maidenhead, Berks SL6 4RJ (0628 28057).

Insertion of a standard integrated circuit into the unit's comparison socket accomplishes internal self-programming without the usual need for manual programming by skilled technicians.

By means of power cards and current limiting devices associated with signal driving, electronic "alignment" of any kind of device can be achieved so that testing on a high/low basis can proceed.

Test time needed is about one second, during which the IC undergoes all possible test patterns and a green light flashes. At completion a steady green light indicates a satisfactory device while a red light signifies a logic error in the device under test.

Delayed relay

TIMING accuracy and reliability associated with integrated circuits is combined with the load carrying ability of the conventional relay in the CG units offered by AMF.

The CMOS circuit incorporates an oscillator with logic and counting facilities to control a double-pole double-throw relay rated to switch five amps at 240 V AC.

Delay periods are selectable between 0.1 secs and 100 minutes with a typical repeatability of 0.05 per cent. for DC models and 0.1 per cent. for AC. Models with a delay of one year or more can be supplied.

The fixed or knob-adjustable delay period is normally unaffected by voltage transients on the line—of some importance where relays are operating in noisy industrial environments. In addition the contacts do not transfer if the timing cycle is momentarily interrupted. Models are available for operation from DC supplies of 12 to 110 V or from an AC voltage of 24, 120 or 240. AMF is at Whitby Road, Bristol BS4 4AZ. (0272 778383.)

Temperature at a glance

AN instant digital temperature reading to a resolution of 0.1 degree C is provided by the Digitherm Universal, a pocket sized electronic thermometer put on the market by Kane-May Instrumentation.

The normal model registers over the range −30 to +199.9 degrees C but a wider overall range of −50 to 1100 degrees C to a resolution of 1.0 degree C can be supplied.

Compensation is built-in not only for ambient temperature effects on the circuits but also for loss of battery power. Accuracy is maintained until the battery potential drops away sharply.

Applications will be in the food, plastics and many other manufacturing industries where fast response and the ability to catch fast transient changes are important. More from Burrowfield, Welwyn Garden City, Herts (Welwyn Garden 31051).

● COMPUTERS

Portable terminal

SWEEPING the U.S. market is a terminal for men on the move which weighs only 13 lbs. Texas Instruments calls it the 745 portable and expects it to broaden market applications in remote sales order entry, inventory control, insurance policy planning and financial analysis.

At £1,250 it is in the scope of many salesmen who need a mass of support data immediately, whenever and wherever it is required.

For example if an insurance salesman wants premium calculations in a customers' home this can be done over the phone. And a manufacturing representative could get pricing and delivery information and order confirmation on the spot. The equipment can be used wherever there is a telephone and standard power outlet.

Deliveries of this model and of a similar compact office unit will commence in the second quarter of 1976. Both are available for lease or purchase with quantity discounts.

Texas Instruments, Manton Lane, Bedford. (0234 67466).

Good growth but exports disappoint

OVER THE last four years, growth in the services industry has averaged better than 23 per cent. which, considering the rate of inflation since 1971, is extremely good going—there is no other area in British industry which can compare.

The latest statistics available from the DoI indicate that the figure for 1975 was £160m. as the total turnover of the bureaux and software houses, a number of which are U.S.-controlled, but the greater majority operating under the U.K. flag whether the equipment they use is locally or foreign-made.

What is important is the use they make of local talent and if this is expressed as an export figure then there is little to be proud of since it seems that in 1975, exports in the aforementioned total accounted for a good deal less than 10 per cent. —say about 7%. Thus nothing to pin Queen's Awards on.

Politicians are keen to tell British industry that its main function is to make a living abroad by its wits. In computing, wits count for much more than in any other industry. If less than 10 per cent. is the best the U.K. can achieve on the services side, then it seems that something is seriously wrong—perhaps the decision to share Europe with the French.

● MACHINE TOOLS

Improved design

THE RANGE of 5 inch diameter power chucks made by Richard R. Leader, Fordwater Trading Estate, Chertsey, Surrey (09328 62766) has been redesigned, although the price remains the same.

Machine overhang on the chuck body has been reduced to about 2¼ inches. The maker says it can now be fitted directly to almost any type of bar capstan or turret lathe, while the ability to deal with a wider range of work pieces is increased.

The rotary joint has been replaced by a high speed, low torque version which permits operation up to 3,500 rpm. In addition, the company has introduced internal gripping facilities for the first time. The chucks are powered by an 80 psi air supply.

Miners seek end of pay restraint

By Roy Rogers, Labour Correspondent

DELEGATES representing Britain's 260,000 miners—without doubt among the most powerful groups of workers in the country—are to be urged to oppose all forms of incomes policy at the National Union of Mineworkers annual conference in July.

This almost inevitable challenge to any continued period of voluntary pay policy after the £6 limit expires at the end of July, comes from the militant Scottish area.

Meeting just over a week after the NUM executive agreed to accept £6 pay rises offered by the National Coal Board, the Scottish area executive has included among its motions for the annual conference one declaring "opposition to all forms of incomes policy, statutory or voluntary, until such time as the Government carries out a massive redistribution of wealth in favour of the people and until such time as the means of production, distribution and exchanges are controlled by the people."

£100 a week

Other areas have yet to draw up their conference motions, but it appears certain that other militant areas will revive demands for a £100 a week rate for coal face workers—an increase of up to £33 a week.

NUM moderates, on the other hand, will push for continued union support for whatever wages policy emerges from the negotiations between the TUC and the Government which should reach their crucial stage around the time of the NUM conference.

Pay debate

The scene is thus set for a big debate at the NUM conference, which could well decide the fate of an extension to the social contract.

Other motions put forward by the Communist-led Scottish miners include condemnation of the union's executive for not carrying out several previous conference decisions and a call to the Government to reverse the expenditure cuts announced by the Chancellor of the Exchequer last week.

Plan to shut 5 Leyland factories discussed

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

WIDE-RANGING proposals involving the closure of five British Leyland factories in Birmingham and the transfer of work and workers are under discussion within the company's worker-participation scheme.

The chance to rationalise on a substantial scale and concentrate manufacturing on one site arises when the £70m. plant at the Rover-Triumph complex at Solihull becomes fully operational in mid-summer.

This will produce the new model code named SD1. Concurrently, the P6 range — the Rover 2200 and 3.5 litre—will be phased out, leaving a big area of floor space.

The car division management sees this as an opportunity for concentrating production at Solihull of engines, transmission, axles and other components. This is now spread about the city at six sites employing 4,600.

Present plans centre round closing Perry Barr, Greet, Bordesley, Acocks Green and Erdington, and transferring equipment and employees to Solihull to achieve the higher outputs of Land Rover and Range Rover called for by the Ryder Report.

Part of Land Rover engine production would, however, go to one of the Triumph engine foundries, with the machining done at the Coventry headquarters.

The proposals are not expected to be made formal before Mr. Derek Whittaker, cars division managing director, announces the lifting of the moratorium on capital expenditure. This was to run until productivity had appreciably improved and thousands of part-finished cars put in the showrooms. Mr. Whittaker is due to lift it in April.

The programme then has to be presented to the National Enterprise Board for endorsement or amendment. It is likely to form part of the ten-year strategy being developed for British Leyland.

A curious feature of the exchanges now taking place with worker-representatives is that some of those most affected, at the Rover-Triumph body and assembly group at Solihull, voted, like the sister plant at Coventry, not to enter the worker-participation scheme. They have not, therefore, been a party to the discussions, which have been held only with the engines and transmissions group.

This difference is believed to be the reason for the well publicised leak of information which has so upset management. It was the only way of letting the Solihull workers know the implications of the proposals. However, the Solihull stewards will be calling a mass meeting in the next few weeks to put the case for and against participation.

Doctors lobby MPs over private practice proposals

BY DONALD MACLEAN

JUNIOR HOSPITAL doctors yesterday lobbied MPs at Westminster to express disapproval over the Government plan to separate private practice from the National Health Service.

The lobbying came shortly after a meeting of the British Medical Association's hospital junior staffs committee had given a guarded acceptance to the latest contract pricing proposals.

The junior doctors are taking up the private practice issue and considering industrial action on the question at a time when consultants have suspended industrial action after the proposal of a scheme for immediate handling of the matter drawn up by Lord Goodman.

It was planned that junior doctors would hold a meeting on the issue at the Central Hall, Westminster, yesterday, but the idea was abandoned in view of calls on doctors arising from the influenza epidemic.

A letter was delivered by the juniors yesterday to Mr. Harold Wilson, the Prime Minister.

A statement on the new contract, issued yesterday, made clear that acceptance by the junior staffs committee was dependent on the contract being "implemented immediately," and on its "interpretation" following "the letter and the spirit" of the agreements between the profession and the health authorities.

"Failure to honour these agreements by the employing authorities and the Department of Health and Social Security will be considered sufficient justification for the reimposition of industrial sanctions."

The doctors want the contract backdated to February 9.

Although consultants recently voted 2-1 to accept the Goodman proposals on the handling of the private practice issue, they remain in general opposed to the underlying Government plan for separation of private practice from the NHS.

A survey of junior and consultant staff—offering a total, possible coverage of some 30,000 doctors, including 19,000 juniors—has produced early results, not necessarily closely reflecting overall opinion, suggesting marked opposition to the Goodman proposals, and a substantial leaning towards the taking of industrial action on the matter.

Dr. Martin Baylis, deputy chairman of the junior staffs committee, said yesterday that of 500 returns he had seen "90 per cent. were against the Goodman proposals and 70 per cent. to 80 per cent. were in favour of taking some form of industrial action."

Three-day week at GEC factories

TRADE UNION officials at the two GEC factories in Fife, agreed yesterday to accept a three-day week after Monday to stave off immediate redundancies.

The agreement came after Monday's announcement that because of Post Office cuts in orders 468 jobs would have to go.

Kirkcaldy District Council was given a firm understanding by GEC yesterday that production in both factories in Kirkcaldy and Glenrothes would continue and that alterations were to be made to gear them up for the production of new telecommunication equipment.

Workers at the GEC research centre in Lincoln plan to hold a sit-in to-day in protest at the closure of the centre and its transfer to Newton-le-Willows, Lancashire.

A one-day strike was staged by the 4,000 workers at the Ruston group of GEC factories in Lincoln after a storeman had been suspended for refusing to help in packing equipment in readiness for the closure of the centre.

APPOINTMENTS

Senior changes at Marks & Spencer

Mr. Michael D. Sieff is to relinquish the office of vice-chairman and joint managing director of Marks and Spencer on March 31, at his own request. He will remain on the Board. Mr. W. B. Howard will be appointed a joint managing director from April 1. He will be responsible for ladies' and girls' outerwear, underwear and nightwear, the design department, central technology and industrial management. Mr. H. N. Lewis, joint managing director, will assume responsibility for the food group.

*

SARABEX, LONDON, announces the appointment of Mr. M. G. ...ani (Kenyan), Sheikh ...amed Al-Khalifa (Bahraini), who has also been appointed to the Board of Sarabex (Bahrain), and Mr. H. Alfardan (Qatari) to the Board.

*

Mr. N. G. S. Champion has been appointed to the Board of BP CHEMICALS from April 5.

*

Sir Maurice Laing has accepted an invitation from the Council of the EXPORT GROUP FOR THE CONSTRUCTIONAL INDUSTRIES to become its first president. Sir Maurice is deputy chairman of John Laing and Son and a director of the Bank of England.

*

Mr. William Wood has been appointed managing director of PFAUDLER-WERKE A.G., Schwetzingen, Germany. He has relinquished the managing directorship of Henry Balfour and Co. and has been succeeded in that post by Mr. R. R. Gordon. Both concerns are subsidiaries of Sybron Corporation, of the U.S.

*

Mr. Simon Tennent has been appointed sales director at MATHERSON-SELIG, a member of the Harrison Group.

Mr. R. Brereton-Smith has been appointed to the Board of UNITED WIRE, a subsidiary of United Wire Group.

*

Mr. J. R. Edwards has joined the Board of CSE AVIATION based at Oxford Airport.

*

Mr. David Colwill has been appointed to the Board of BENBOW SHOPFITTING with responsibility for its newly-formed contracts division.

*

AB Karlstadplattan has formed a company in England called FINEBOARD with Mr. Gunnar Munthe as managing director.

*

EVERED AND CO. HOLDINGS has made the following management appointments within the group. Mr. L. F. Vyse, acting managing director of the group; Mr. M. Morris, group financial controller; Mr. A. W. Sandland, a director of Evered and Co. Ltd.; Mr. K. A. Hayward-Wright, a director and general manager of Evered and Co. (Controls); Mr. H. Rolinson, general manager of Evered and Co. (Extrusions); and Mr. R. W. Gregory, general manager of the Evered and Co. plastics and hardware division.

*

Mr. Thomas Pope has been appointed to the Board of J. AND S. SIEGER as production director. Mr. Reginald Stride has been made production manager.

*

FARROW IRRIGATION, a Tate and Lyle Company, has made the following appointments: Mr. A. H. Slater, chairman; Dr. M. C. Bennett, executive vice-chairman; Mr. C. J. Coote, managing director; Mr. P. J. Cooke, general manager (Spalding); and Mr. D. Saunders, export manager. Mr. Coote takes over as managing director following the appointment of Mr. F. Davison as director of Tate and Lyle Engineering. Mr. Davison continues as a director of Farrow Irrigation.

*

Mr. Geoffrey Owen has been appointed head of BBC Radio 2. He succeeds Mr. Mark White, who is retiring on April 30 after 34 years with the corporation.

Move to settle gas dispute to-morrow

BY OUR LABOUR STAFF

AN EMERGENCY meeting of national negotiators in the gas supply industry has been called for to-morrow after a threat by white-collar workers on Monday to reduce supplies to industrial users if a productivity pay offer was not improved.

About 1,000 staff, members of the National and Local Government Officers' Association, are on indefinite strike. NALGO said that a further 2,500 were expected to hold a token one-day strike in the North-East of England to-day.

To-morrow's meeting of the industry's national joint council will discuss NALGO's demand that the British Gas Corporation must improve its "final" offer of a £4.75 a week raise for most of the 58,000 staff if industrial action is to be called off.

Productivity

The dispute is over payment for extra duties involved in carrying out a productivity scheme for manual workers due to have been implemented last April, but delayed in many regions by NALGO's refusal to co-operate.

Both sides have said that payment cannot be made until Government policy allows. Whatever increase is finally agreed on may be reviewed later.

Mason admits false Press cards danger

MR. ROY MASON, Defence Secretary, had agreed that the use by soldiers in Ulster of false Press cards put genuine journalists in danger, the National Union of Journalists said yesterday.

The Minister had also given an assurance that the cards would not be used by troops again.

Mr. Mason's remarks were in a letter to the union in reply to protests by Mr. Kenneth Morgan, NUJ general secretary.

The letter said: "I entirely accept that this action could have jeopardised the personal safety of reporters and called into doubt the validity of real Press cards."

The use of cards by Army information staff had arisen out of an unauthorised, but perhaps understandable, wish to provide a degree of protection for soldiers in plain-clothes.

He gladly gave an categorical undertaking that the practice would never be resumed in any circumstances.

Mr. Morgan said: "I am pleased that Mr. Mason has recognised our cause for concern and acted promptly on it. Journalists in Northern Ireland face enough danger as it is, without their integrity being called into question. Mr. Mason's assurances will be welcomed by them."

EPTU resumes its full role in Scottish TUC

BY OUR LABOUR STAFF

THE ELECTRICAL and Plumbing Trades Union has been allowed to resume full participation in the affairs of the Scottish TUC, after more than a year on the sidelines because of its refusal to affiliate according to the STUC rules.

The rules say that affiliation fees must be paid for the full membership of any union in Scotland. After the EPTU's refusal to affiliate it was excluded from taking part in the affairs of the Scottish TUC, although never formally expelled.

The EPTU has agreed after lengthy negotiations to abide by the rules, and has been allowed to resume full participation. According to the Scottish TUC, the union never explained why it did not want to affiliate its full membership in Scotland.

Safety check by stewards

BY OUR LABOUR STAFF

THE GENERAL and Municipal Workers Union wants shop stewards to be given greater powers to improve industrial safety.

It says in a booklet outlining the measures contained in the recent Health and Safety at Work Act that shop stewards should be able to stop jobs which involve a "serious work hazard."

It also wants shop stewards to have the power to inspect all workplaces, and the site of any accident before it is disturbed, and to have the right of veto on new plant or processes which might involve risk.

Procedural agreements should also be drawn up in all factories to deal promptly with safety problems. The union's aims go considerably further than the powers given in the Act which was introduced nearly a year ago.

PARLIAMENT

Rhodesia urgency agreed

BY PHILIP RAWSTORNE

Mr. Reginald Maudling warned the Government yesterday that there would be "an explosion of anger" in Britain if it stood on the sidelines while Rhodesian whites were slaughtered in a guerilla war.

"The profound British interest at this moment is to do everything possible to get an acceptable solution," he told a sombre Commons. The consequences would otherwise be "a tragedy of terrible dimensions."

Foreign Office Ministers, Mr. David Ennals and Mr. Roy Hattersley, agreed about the urgency of the threat—but still maintained the Government's cautious approach to further involvement in Rhodesian settlement talks.

Lord Greenhill's mission to Salisbury, Mr. Ennals repeatedly emphasised, would be "purely exploratory." Its purpose would be to assess whether Mr. *Ian Smith's attitude now held out real* prospects of a useful British role in negotiating majority rule.

The Government was not going to be drawn into defending the illegal regime, he assured Labour backbenchers. "We are under no obligation to underpin white supremacy," he bluntly informed a few protesting Tory MPs.

No British Government would commit troops in such a cause, Mr. Ennals declared—and Mr. Maudling stopped significantly short of demanding it.

Even so, the "shadow" Foreign Secretary pressed with unusual vigour for further Government action to curb Communist ambitions in Southern Africa.

The Soviet and Cuban presence in Angola was a threat to peace and should be raised at the United Nations, he *said. Economic sanctions, particularly* on the exports of grain and technology to Russia should be considered.

Events in Africa had been the most alarming development in a series of Russian responses to detente, he declared.

Mr. Roy Hattersley agreed that they certainly had not been in the spirit of the Helsinki Declaration. "Africa must *realise that in their continent there* are independent nations now faced with a new sort of imperialism. Europe must understand that it cannot be fought and beaten by those who ally themselves with the remnants of the old imperialism."

The West had to be fully engaged in the war of ideas, he said—and gained some comfort and laughter from the *fact that copies of the Financial Times* could now be bought in Moscow.

Bill to cut house move costs wins support

A BILL to end solicitors' conveyancing monopoly was given a formal first reading in the Commons yesterday. Under the Solicitors Act 1974 (Amendment) Bill, introduced by Mr. Ken Weetch (Lab., Ipswich) people other than solicitors, barristers or notaries public would be allowed to draw up certain documents connected with conveyancing of registered property or land.

Mr. Weetch said there was considerable and justifiable dissatisfaction with the present high conveyancing charges which ordinary people had to pay when they moved house.

He welcomed the fact that conveyancing would be looked at by the Royal Commission on the legal profession, but had decided to press on with his Bill because Royal Commissions had often been used in the past as instruments of delay.

In 1969 and 1971, the former Prices and Incomes Board had produced reports which concluded that there was a need for fundamental reform and that charges for conveyancing were excessive when purely routine work was involved.

The situation all stemmed from the monopoly power given to solicitors in the 1974 Act in preparing certain documents.

Drugs profits cut–Minister

LABOUR advocates of the nationalisation of the drugs industry were urged to take greater account of the effects of the voluntary price reduction scheme by Dr. David Owen, Minister of State for Social Services, in the Commons yesterday.

He told Mr. Edward Loyden (Lab. Garston) that the scheme had done much to reduce the profits of the drugs industry which had reached "unacceptable levels" in the early 1960's.

Detente: No real meeting of minds, says Maudling

THE PERFORMANCE of the Soviet Union since the Helsinki talks had been "disappointing," Mr. Reginald Maudling, "shadow" Foreign Secretary, said in the Commons yesterday.

Opening a debate on East-West relations, Mr. Maudling said that the Russians were still building up their defences, especially their naval forces, and using propaganda to subvert the constitutions of other countries.

"If you are to have detente between two great alliances, neither should try to subvert the other. Helsinki does not mean *very much unless we can get* ahead with disarmament. Progress in this field has been very little indeed."

Mr. Maudling said the great majority of African countries did not wish to see foreign troops from Cuba or Russia in their countries, and we must give them the opportunity to remove the danger of their presence.

The Communists did not always win. They had been excluded from Egypt and their influence was waning in Syria and Iran. "The same thing could happen in Angola, but not without the maximum diplomatic activity by the Western powers."

Warning of a great peril facing Britain if a Rhodesian solution was not found, Mr. Maudling said: "If guerilla forces, with or without Cuban regulars, were to invade Rhodesia and there was widespread slaughter of the white population while the British Government remained inactive on the sidelines, there would be an explosion of anger in this country by no means confined solely to those who have friends or relations in Rhodesia."

The continued presence of a Cuban army in Angola must be seen as a threat to neighbouring countries. The matter should be raised as soon as possible in the United Nations but the key, as always, would be found in Moscow. It was there the power resided.

There had been no real meeting of minds over détente. It was something which had to be genuinely desired by both sides. It must be made clear to the Russians that, if they did not want the disarmament and peaceful co-operation of détente, they would be returning the world to cold war.

Mr. Roy Hattersley, Minister of State for Foreign Affairs, said it was inevitable that détente would be judged against the development of Soviet policy in Africa generally, and especially Angola.

Détente was not the product of sentimental liberalism or weak-minded pacifism. It was a policy to make the world safe from the sort of appalling destruction which would inevitably result from confrontation turning into world war.

He was optimistic on progress of implementation of the Helsinki agreement in the areas of passage of information from East to West and notification of military movements. But there were areas where there was cause for concern—particularly the reunification of families.

Of the Soviet Union's Angolan policies, Mr. Hattersley said there could only be one answer to the question: "Was their conduct in Angola consistent with the Helsinki declaration?" — "No."

Reminding MPs of the Government's opposition to intervention, he said: "I express the hope that what has happened in Angola will act as a most solemn warning both to Western Europe and the nations of Africa."

Mr. Hattersley suggested that had Angola not remained the colonial property of an authoritarian European State for so long without a word of complaint from people now so worried about its freedom, it would not have provided such fertile soil for Cuban intervention.

"More immediately, if South Africa had not sent in its so-called volunteers to fight on Angolan soil, opinion in Africa and outside would have been much more easily mobilised to condemn and, perhaps, deter the Cuban adventure."

Turning to Western Europe, the Minister said that the Soviet leader, Mr. Brezhnev had made a speech to the Soviet Communist Party Congress that day saying the ideological struggle must go on.

"So be it," said Mr. Hattersley—but the Soviets were inferior in the organisation of political ideas and philosophy.

Talks on mutual and balanced force reductions could not proceed on hope and good intentions. "We must absolutely and *totally preserve our level of* safety."

We lived in a time of Soviet initiative but there was an absolute duty of the West and its democratic philosophy not to run away "from the war of ideas which the Soviet Union prefers to call the ideological struggle."

Mr. Julian Amery (C., *Pavilion) said that the* immediate task in Angola was to "mobilise all available forces, black and white, in central and southern Africa to defend themselves, with our help, against the threat of Soviet imperialism."

Mrs. Renée Short (Lab., Wolverhampton N.E.) stressed the value of trade with Com*munist countries to areas of* Britain suffering from unemployment.

Mr. Maurice Macmillan (C., Farnham) said Mrs. Short's views on the Soviet Union "reminded me of many which I heard with despair when they were put forward—alas, by members of my own party—about *Nazi Germany* before the Second World War."

If any firm evidence of illegal activities by BOSS, the South African Bureau of State Security, is obtained, "appropriate action will be taken," the Prime Minister said in a Commons written reply yesterday.

Mr. Wilson told Mr. Frank Hooley (Lab., Heeley), who had urged an inquiry "into BOSS's activities in the U.K.," that he was aware of allegations which had been made, certain of which were still a matter of police investigation.

Wilson escapes Left's full fury

By Justin Long, Parliamentary Correspondent

MR. HAROLD WILSON, Prime Minister, told the Commons yesterday that he believed it would be "some time" before the unemployment figures began to fall.

But he had to defend himself—by pointing to encouraging aspects of the situation—when resentful Left-wingers on the benches behind him made public display of their bitterness over the Government's economic policy.

The Prime Minister, hard-pressed by Labour MPs, was told that it would take up to 14 months before new jobs could result from the measures recently proposed by the Chancellor. There should be reflation, and certain import controls were now "absolutely inevitable," declared Mr. John Mendelson (Penistone).

Mr. Wilson's refusal to agree with this prescription only made matters worse. And it was at this point that Mrs. Margaret Thatcher, the Opposition leader, intervened.

She pointed out that the Prime Minister had urged his backbenchers to realise the need *for resources for new invest*ment.

Impatient

But the taxpayer was going to have to pay extra taxes to meet the debts incurred by the Government, so where were the needed resources going to be found? she demanded.

Mr. Wilson said there had been a significant improvement in industry's liquidity over the past year. Moreover, it was the printing of money by the Conservative Government which had started inflation, he maintained.

With Labour MPs still impatient to get at the Prime Minister themselves, Mrs. Thatcher again intervened. "In the next four years, your Government is going to spend more, borrow more and tax more," she accused Mr. Wilson.

This contention was more than the Left wingers could stand. *For the moment, they dropped* their own complaints to turn in noisy repudiation of Mrs. Thatcher.

Mr. Wilson, explaining above the noise that substantial help was being given by the Government for investment and reorganisation, may well have felt that rescue from his backbench difficulties had come from an unlikely quarter.

Gambling inquiry members

THE MEMBERSHIP of the Royal Commission on gambling was announced yesterday by the Prime Minister in a Commons written reply.

Mr. Wilson said that the nine *members who would serve under* the chairmanship of Lord Rothschild, were: Prof. Sir Norman Anderson, QC, Professor of Oriental Laws in the University of London; Mr. William Blair, member of the executive committee, Electrical, Electronic, Telecommunication and Plumbing Union; Dr. Thomas Carbery, member of the Independent Broadcasting Authority; Mr. David Coleman, sports commentator and journalist; Mr. John Disley, vice-chairman of the Sports Council; Mr. Leonard Hoffman, barrister and writer on legal matters; Mr. Tudor Price, barrister; Mrs. Marjorie Proops, broadcaster and journalist; and Prof. Bernard Williams, Professor of Philosophy, University of Cambridge.

The terms of reference of the Commission are to inquire into the existing law on betting, gaming, lotteries, and prize competitions.

Particular attention will be paid to the adequacy of restrictions imposed on the facilities for the different forms of gambling, the practices and financial structure of gambling industry, the publication of information about gambling activities, and the contribution made from the proceeds of gambling towards the support of other activities, including sport.

Social benefits abuse by 'tiny minority'–Minister

AN MP who complained of cheating on social security benefits was told by Mr. Brian O'Malley, Minister of State for Health and Social Security, yesterday that it was "only a *tiny minority*" who abused the system.

Mr. Ivan Lawrence (C., Burton) claimed in the Commons: "Too much of the taxpayers' money is being given to people who are cheating the system."

Mr. O'Malley had told him that no record was kept of the total number of fraud investigations relating to social security benefits, nor could monthly figures be given for prosecutions.

But, on provisional figures, the total number of prosecutions for all benefit offences in 1975 was 15,000 and about 98 per cent. of these had resulted in convictions.

Mr. Lawrence wondered if the figures satisfactorily represented the extent of the abuse and whether there were enough inspectors to stamp it out.

Mr. O'Malley replied that a substantial number of staff were employed on anti-fraud measures. The social security scheme should be under sufficient control while providing a humane administration for the vast majority of genuine claimants.

He feared that arguments about abuse could lead to a backlash and a worsening of standards for genuine claimants, who formed the overwhelming majority.

Mr. William Hamilton (Lab., Fife Cent.) said that fraud amounted to something like £3m. to £4m. a year, while income-tax fraud amounted to about £400m. every year.

Mr. O'Malley agreed: "You are quite right to point out that, on such evidence that we have, it is a tiny minority of people who try to abuse the system.

"It would be utterly wrong for any Government to change the methods of control so as to deter genuine claimants from receiving benefits to which they are entitled."

Opposition social services spokesman, Mr. Patrick Jenkin, said it was "the rules themselves that need looking at."

CLOSED SHOP BILL

Tory Peers win vote on conscience clause by 37

BY JOHN HUNT

TORY PEERS last night inserted a conscience clause into the Trade Union and Labour Relations (Amendment) Bill despite strong Government objections that it would "nullify the lawful closed shop."

By a majority of 37 (128-91) during the committee stage, they defeated the Government and introduced a clause allowing a person to refuse to belong to a union on the grounds of "sincerely held personal conscientious convictions and not motivated by the hope of financial gain or material advantage."

The wording closely follows that of the clause in the Standing Orders of the Parliamentary Labour Party which allows a Labour MP, in certain circumstances, to abstain from voting in *defiance of the party Whip.*

Lord Hailsham, for the Opposition, emphasised that the intention was that a worker who was dismissed for refusing to join a closed shop union would be able to use the grounds of conscience to claim financial compensation from his employers for the loss of his job.

However, he made it clear that the Conservative Peers had no intention of provoking another conflict with the Commons over the legislation which is now going through the House yet again after being rejected by the Peers last session. He indicated that if the Commons throw out the amendment, the Tories will not *try to reintroduce it when the* Bill returns to the Lords.

On the issue of Press freedom, Lord Goodman, the independent Peer, who is chairman of the Newspaper Publishers Association, did not try to get his legally backed charter reintroduced into the Bill at this stage. But he attacked the provision in Lord Houghton's voluntary code which allows the Secretary for Employment (Mr. Michael Foot) to draft the charter himself if the industry cannot agree on its own version within a year.

Unless this provision is withdrawn, said Lord Goodman, he would return on report stage and urge the Peers to reject the Houghton charter.

There is no doubt that if this happens, the Government would invoke the Parliament Act and the Bill would automatically become law in the form in which it was originally introduced last session. As a result, it would contain no charter on Press freedom at all.

Despite Lord Goodman's warning, it seems very unlikely that he would get enough support in the Lords to defeat the Houghton charter. Yesterday, both Lord Hailsham, for the Conservatives, and Lord Rochester, for the Liberals reluctantly accepted the Houghton code and agreed that further opposition on this issue would now be futile.

LORD HAILSHAM
No conflict wanted.

Lord Shepherd, leader of the House, protested at the conscience clause and declared: "These words could be so widely construed that they would nullify the lawful closed shop. If they are put into the Bill, then there would be a very grave situation indeed.

"*It would be highly dangerous* to the whole health and stability of industrial relations and to the refreshing developments we have seen in industrial relations over the past 12 months."

He objected that the subject had already been discussed by the Commons two or three times and that if the amendment were passed, it would take up about three hours of further debate in the Commons. He also recalled that during last session, the Lords had finally accepted the Government wording of this part of the Bill.

"If we have any respect for ourselves as a Parliamentary assembly, then we don't do that sort of thing," he went on.

If the amendment went back to the Commons, he had no doubt that MPs would reject it. Therefore, he urged the Lords to act sensibly in the matter. He maintained that the legislation, in its present form, did not enforce the closed shop. This was a matter to be decided voluntarily between both sides of industry.

According to Lord Shepherd, the wording of the amendment would confuse industrial tribunals and employers. It could also mislead employees into thinking that it granted them job security if they refused to belong to a union on grounds of conscience. But this was not the case. They could still lose their jobs.

Sunday trading Bill backed

THE LORDS yesterday approved in principle an increase from 18 to 26 in the number of Sundays during which holiday resort shops may be opened each year.

They gave an unopposed second reading to a Private Mem*ber's measure, the Shops (Holi*day Resorts—Sunday Trading) Bill sponsored by Baroness Phillips (Lab), who said holidays were now spread over a longer season.

Local authorities would be able to use their discretion on meeting reasonable needs, and she believed shop workers would accept the idea.

Opposition spokesman Viscount Colville of Culross, supporting the Bill, said it was essential that local authorities should have the powers.

Government spokesman Lord Wells-Pestell said the Govern*ment had traditionally remained* neutral on all legislation affecting the Shops Act, and this remained their position. But the drafting of the Bill was acceptable so far as Government advisers were concerned.

It was also a matter of interest that the Bill would not have any financial, manpower or EEC *implications.*

No privilege breach in court ruling

NO BREACH of Parliamentary privilege has been caused by a court's ruling that a constituent's case could not be discussed with *the Press, the Speaker, Mr. George Thomas*, ruled in the Commons yesterday.

He told Mr. John Gorst (C Hendon N), that he had taken into account the provisions of the Administration of Justice Act, 1960, under which the court had made its order, and the extent to which communications *between MPs and their con*stituents had been held to enjoy the protection of Parliamentary privilege.

Mr. Gorst had complained that Mr. Justice Dunn's injunction prevented him from speaking to the Press about his constituent, Mr. Donald Smith, jailed on January 13 for contempt of a court order forbidding him *from* seeing his two sons.

Hint of vote for Peers

THE GOVERNMENT might consider legislation allowing Peers to vote in Parliamentary elections when time is available, Lord Harris of Greenwich, Minister of State, Home Office, said in the Lords yesterday.

He added: "The Government is prepared to look at this, but we cannot give an assurance that Parliamentary time would be available."

Energy Bill

IN A WRITTEN reply in the Commons yesterday Mr. Anthony Wedgwood Benn, Secretary for Energy, stated that he hoped to introduce the proposed Energy Bill by the middle of March.

The Executive's World

EDITED BY JOHN ELLIOTT

Managers tackle credibility gap on role of profits

BY JOHN TRAFFORD

SENIOR MANAGERS of Britain's major companies have become increasingly concerned in recent years about the credibility gap among their employees over the contribution which profits make to workers livelihoods.

Research carried out in various companies and by other organisations, including ICI and Opinion Research Centre has shown that few workers appear to be worried about the size of profits. Many think that company directors rather than shop floor employees benefit from a company's riches.

Perhaps the most dramatic evidence of this came from Plessey last summer which made what to many executives was a startling and worrying discovery. This was that 43 per cent. of a representative sample of management and workforce considered that the company itself benefited most from Plessey prosperity.

About 21 per cent. thought while the shareholders gained most only 17 per cent. thought that the employees were the main beneficiaries.

In the minds of a large number of employees, it seemed, the ompany's interests were quite istinct from those of the mployees. To Plessey's top management it said one thing ery clearly: the employees did ot link their job security and ltimately their pay packets ith the company's profitability.

One does not have to look far) find more evidence of that. lf in understanding. It perades much of British industry. -the gulf could be narrowed, e likelihood of employees king disruptive action might ell be reduced.

Desire

The desire to improve underanding is now so strong that ecutive search firms like my mpany are being asked to ivise on the upgrading of nior personnel posts and to d suitable executives with a esh approach to human relaons. That approach will inude not just elements of dustrial democracy and orker participation but a proamme to educate employees their increasing responsibiles.

The initial response of perps the majority of companies to provide employees with ontestable facts about the mpany's financial performce.

The age of the popularised annual report has arrived, distributed free to employees. The uneasy impression remains, however, that alone this measure is not sufficient to engender the desired feeling of identification.

To some extent this can be countered by educating employees to understand more about the economic criteria of their company's performance and then providing them with necessary financial information in a readily understandable way.

There can be little doubt of the value, albeit limited, of this kind of financial training for a nucleus of key employees in a company. With so many leading companies now regularly publishing financial results for their employees, the need is a very obvious one. The list of companies publishing such financial reports is now very extensive: it includes EMI, Reed International, Plessey, Fisons, Laporte, Beechams, GKN, Cadbury Schweppes and United Biscuits to name just a few.

In the companies with the more successful record of employee relations, the distribution of financial results is just one part of the educative process. In United Biscuits, for instance, it is one of four main measures taken by the board to spread the business message. The other methods are informal briefing sessions by the chairman, Mr. Hector Laing, with as many as possible of the group's 25,000 employees; monthly plant level briefings by factory directors of shop-floor workers; and a hard-hitting pamphlet published for the first time this September entitled "Job Security." This remarkable booklet plainly spells out the dangers of inflation (which increases the working capital requirement) and price restraint (which reduces money available for reinvestment). About one in four of the company's 25,000 employees asked for copies.

One of the gravest problems surrounding both research into employee attitudes and the subsequent educative programmes is the fear that initial union hostility will be so great that union members will be instructed not to co-operate. Some of the attitude research has been done by companies or business organisations through market research intermediaries so as to avoid identification.

On the question of educative programmes, many companies have studiously eschewed publicity so as to minimise the feared hostility of trades unionists. Paradoxically, once trades unionists have assured themselves that the programmes are not political propaganda, they welcome the training.

Some companies offer an educational programme in the first instance to opinion leaders while others prefer a "fruit cake slice" of management and other employees. Cadbury Schweppes provides formal training for all those who take part in the company's ambitious four-tier consultative process which is crowned by the biannual company conference attended by members of the Board and representatives of all the company's 30,000 U.K. employees. On educating the broad mass of the workforce the company has so far confined itself to plant-level financial presentations by the local management.

Wealth

Probably one of the most experienced companies in this kind of in-company training is the GKN group which has been operating a "Work and Wealth" programme for the past three years, first on a limited experimental basis and now on an ever-increasing scale. It has been up to the managing directors of individual subsidiaries to decide how the programme (which comprises ten one-day training sessions) should be used. In some cases management itself has been the first to use it, while in others the course has been used initially by shopfloor people or a combination of shopfloor and management.

By adopting a cautious approach and pitching the programme as an educative, non-propagandist exercise, the initial suspicions of organised labour have largely been dissipated and the benefits of the programme widely recognised.

The action so far mentioned concerns the fairly limited objectives of management trying to educate their own employees. But this is no more than one strand in the web of understanding that has to be woven between individuals and the leaders of the business community if the country's economy is to be put into better shape. What of all those school teachers and university lecturers, politicians, civil servants, trades unionists and journalists who have lived most of their lives in an environment hostile to profit-making business?

Some companies, notably ICI and ITT, have run advertising campaigns aimed at explaining the use to which profits are put and how their corporate activities benefit the country. But such action, like the occasional apearance of business leaders on TV and radio, are little more than a scatter shot.

An attempt to do something specific to influence the key opinion formers was launched in October under the aegis of the Tavistock Institute and the Industrial Society. A new body called OPUS (Organisation for Promoting the Understanding of Society) was set up. The chairman of its management committee is Mr. Frank Rogers, a former managing director of IPC and now adviser on corporate affairs at Plessey and chairman of East Midlands and Allied Press.

Few businessmen will think that the effort is not worth making. Hostility to the business community is now so widespread that most managers recognise that a far more vigorous effort is required both within companies and outside to win back the ground that has been lost.

The author is a consultant with Heidrick and Struggles International, London.

ENGINEERING SURVEY

BY KENNETH GOODING

Why skilled workers quit

SHORTAGE OF skilled engineers has been a major factor behind the failure of British manufacturing industry to capitalise fully on the last two industrial booms, and the indications are that the same factor will put a brake on U.K. engineering output when the next boom arrives.

Behind the shortage is a history of skilled engineers quitting the industry. So a glimpse at some of the reasons why they take such a step is opportune. It is provided by a survey carried out by the Association of Patternmakers and Allied Craftsmen of former members who resigned during the period 1972-74.

This formed part of an investigation by the National Economic Development Office into the shortages of skilled engineering workers generally. Such useful results were provided that a much broader survey has been started involving a wide variety of skilled men who left engineering during the past five years.

Some of the answers to the Patternmakers' survey revealed varying grumbles:

"After 32 years in trade, made redundant; very bitter . . . Engineers here are not recognised as highly skilled . . . Poor financial reward for skilled responsibility . . . My present job brings no worries, needs two weeks training and pays twice as much . . . Made redundant twice, we are now little more than machine minders on machines we helped to build with our own hands . . . Made redundant for a third time, I finally gave it up."

A disturbing feature of the patternmakers' study is that around half the workers took new jobs where their previous skills and four-year apprenticeship would be wasted. Some of the most skill-wasting jobs mentioned included mobile bread salesmen (eight men involved over the three years), gardeners (three in three years), farm labourers (two), musicians and entertainers (six).

One man solved his "boring conditions" by leaving to read gas meters. Another has apparently overcome the "insufficient job satisfaction" by becoming a prison warder.

Main reasons why patternmakers left engineering	1972	1973	1974	Total
No work available	39	32	32	103(31%)
Low pay	11	30	26	67(20%)
Bad working conditions	5	9	11	25(7%)
Poor prospects, insecurity	28	41	44	113(34%)
Other	27	18	37	82(24%)

The attraction of self-employment was obviously strong for the patternmakers and those whose skills were largely wasted in this way went into shopkeeping or other services such as car hire, double glazing and milk rounds.

A high percentage of the patternmakers said they were emigrating, many to continue working as patternmakers, and they mentioned a wide selection of countries of destination—but mostly Canada and South Africa.

Questioned about their main reasons for giving up, one-third of those replying blamed "poor prospects, insecurity." Almost as many replied "no work available in trade," while one-fifth blamed "low pay."

But the survey provided a starting point for a deeper examination of pay and differentials among engineers by NEDO.

Among the conclusions, it has emerged that earnings of skilled workers in engineering have declined relative to those of unskilled workers since 1967. The percentage differential for skilled workers is now lower than it has been at any time in the past 20 years.

The decline in differentials has been experienced in all sectors of engineering and in all regions. For example, in June 1975 in the South East, on an hourly basis, the semi-skilled time workers earned marginally *more* than the skilled worker.

The effect of the demand cycle on the patternmakers is clearly apparent in the survey. Also apparent was the reluctance with which many of them abandoned their trade. One wrote "having been made redundant three times in the past ten years, I have *had* to take other work."

Among those who complained about low pay, one said succintly: "Selling car parts £60, patternmaking £34." Another found a salesman's work financially and socially more rewarding—he had left patternmaking because "there was nothing left to achieve." Several intended to "look for a safe, secure job next time." One had found "better money and prospects" working in a Woolworths store.

The answers also showed in general terms that, once patternmakers have left engineering, there is only one chance in three that they might return. Many said they might do so if certain conditions were met first such as better pay for skilled work.

Surprisingly, the patternmakers least likely to return were those who had turned to what might be considered menial jobs such as clerks, laundrymen, postmen, taxi drivers, gardeners where their previous skills were not useful.

NEDO insists that the questionaire survey results do not enable firm conclusions to be drawn relating to all engineering craftsmen. The sample involved was small and not all patternmakers are members of trade unions involved. Neither is patternmaking a "typical" craft. However, the results were adequate enough to warrant some general conclusions which might well be relevant to other crafts.

The follow-up, and much wider, exercise being carried out by NEDO involves questionaires going out to a whole range of skilled engineers who have left the industry over the past five years. The questionaires will be followed up by personal visits to give an even-deeper insight into the problem.

And the scale of the problem can be guaged by the latest CBI industrial trends survey. Naturally enough the vast majority of companies blamed lack of orders or sales as the factor most likely to limit output in the four months from January. But the second most-frequently quoted factor was a shortage of skilled labour. And that was at the depths of the worst recession since the war. When the upturn in world trade arrives, skilled labour shortages will be a major constraint on the output of U.K. engineering.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

False information

Some time ago I entered into a business arrangement contract with a company through one of its directors.

I believe that some of the information given to me by the director was false and I believe that because of this I am in a position to take action in the Courts for damages under the Misrepresentation Act, 1967.

Presuming that my belief is correct can you advise me whether (if I wish) I am entitled to take action against the director personally or must such action be taken against the company?

The action would normally be against the company which acted through its director. However, if it can be shown by evidence that the director was acting in his personal capacity when making representations which were false, you may be able to prefer a claim against him or her personally as well. You should consult a solicitor.

Withholding costs

A year ago I bought on HP an aspirator for my dental surgery which has given trouble several times and the suppliers are now refusing to replace even defective parts. Can I withhold the cost of the aspirator from my account with the suppliers, or, if not, what can I do?

It would be necessary to examine the terms of the contract for the supply of the aspirator before any accurate assessment could be made of your rights. If you are in a position to claim that there is a breach of contract either under express terms or by reason of the terms implied by Section 14 of the Sale of Goods Act, 1893 it would be necessary to establish that the defect of which you complain materially affects the fitness of the equipment for its proper functioning or that the aspirator was not of merchantable quality. You could withhold the purchase price as you suggest, or you could withhold a reasonable proportion of the price pending resolution of the dispute.

Bearer bonds

A debtor in Europe has offered to pay by means of bearer bonds. Is it legal to accept them and sell them in London?

The bearer warrant would seem to be required to be placed with an Authorised Depositary (Appendix I to the Bank of England Notice E.C. (Securities) 10. You should therefore not accept payment in the manner suggested without consulting your financial advisers and/or the Bank of England.

Interest free loans

I am a director and principal shareholder in two private limited companies to which I have given interest free loans.

I have seen references to legislation preventing or penalising interest free loans, particularly C.T.T.

Could you kindly enlighten me on the subject?

After April 5 next, interest-free loans will become liable to capital transfer tax on the amount of interest which each year might be expected to be received for such a loan in an arm's length transaction.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, FEBRUARY 25, 1976

Slower rise in jobless

THE LATEST unemployment figures are more encouraging than those to which we have become used over the past nine months, though not nearly so encouraging as the sharp drop in the total number registered between early January and early February might lead one to suppose. That drop is itself more than accounted for by the beginning of the spring term and the disappearance from the register of 120,000 adult students who had registered during the Christmas vacation for the purpose of drawing supplementary benefit. This mass-movement of students into and out of the unemployment statistics six times a year has been worrying Ministers for some time, and arrangements have now been made to ensure that it is reduced.

The underlying trend of unemployment — excluding students, school-leavers and those temporarily laid off, and making allowance for normal seasonal factors — is still rising. The encouraging fact is that the latest monthly rise is one of only 31,000 against 74,000 in the peak month of last July. Even on the less dramatic but more reliable basis of a three-months moving average, the upward slope of unemployment has been growing gradually less steep for four months past. This confirms the vaguer indication in the CBI's surveys about the trend of demand for labour. It seems itself to be confirmed by a parallel movement in the number of unfilled job vacancies, which has actually *risen during both the first two* months of 1976.

No boost

This is not to say that the level of unemployment is not unusually high and that considerable hardship is not being caused by it. A large part of the recent improvement, moreover, seems to be a direct result of the Government's measures for preserving and creating jobs. It does, however, weaken the TUC case for administering a *strong and immediate stimulus* to domestic demand in an effort to reduce unemployment quickly. If, as seems to be the case at present, the trend is gradually levelling out of its own accord, it would be the height of folly to exaggerate the speed of the change by massive Government intervention. Governments have made such mistakes often enough in the past. The present Government's readiness to learn from experience, despite the pressure from trade union leaders and back-bench Labour MPs, must be increased by an awareness of the inflationary risks involved *in pushing demand beyond the* capacity of the economy to satisfy it, at a time when a very rapid increase in prices is within recent memory and even the current rate of increase is well above the post-war average.

Student grants

The students who have been upsetting the employment statistics—and who have been separately listed ever since a campaign by the National Union of Students greatly increased the numbers registering for supplementary benefit during the vacations—are being dealt with in an administratively simple way. The amount of the student grant which is intended as a contribution towards living expenses in the vacations will now be concentrated in the Christmas and Easter vacations instead of being spread overall, and this will bring the level of the grant up to roughly the supplementary benefit level in these two vacations.

This, it is hoped, will reduce the number of students signing on in the two shorter vacations, when many of them are well aware that no work will be available, but leave them free to draw supplementary benefit in the summer vacation if no job can be found. It will have a mildly cosmetic effect on the statistics—especially in mid-winter, when the gross total tends always to be high for purely seasonal reasons—but it does not solve the dilemma posed by the fact that many students consider their grants inadequate while many taxpayers consider them over-generous. The NUS is quite capable of using the latest *administrative change to argue* that grants should be brought up to supplementary benefit level for the summer vacation as well, and it is unlikely that the problem will be properly tackled until the Government gains courage to do away with the parental contribution.

Mr. Brezhnev makes himself clear

IF ANYBODY misunderstood Mr. Brezhnev's message about detente at the 24th Party Congress in 1971—and judging by the continuing debate over its precise meaning, many people did—he obligingly restated it with greater clarity at the 25th yesterday. The Soviet Union was firmly committed to detente, he said, but "We do not conceal the fact that we see in detente the way to create more favour*able conditions for peaceful* socialist and communist construction." In other words, detente is ideologically motivated and the war of ideas must continue.

Realistic

It is just as well that Mr. Brezhnev was honest on this point: his Congress has come at a time when detente is under some suspicion in the West because of doubts about Kremlin policy. Now, he cannot be accused of making misleading statements, and this should clear the air, though it will not necessarily make detente easier.

But though Mr. Brezhnev's speech largely repeated what he said in 1971—in some passages down to the very last word—and was clearly designed to show that the Soviet Union had not yielded on any of its principles during one of its most testing periods diplomatically, it also gave a picture of a more confident Moscow gazing out over the world.

Analysis of relations with the West was realistic. There was no attempt to hide the fact that detente is meeting opposition from certain quarters in Washington and Bonn, or even that the Helsinki Agreement is being used by the West as a yardstick to measure the Soviet internal policy rather than as the basis for better understanding. On military matters, the impasse in both SALT and MBFR was admitted, though Mr. Brezhnev avoided the real issues separating East and West notably the question of verification in SALT.

However, he restated the commitment to achieving military detente. This was expected, but none the less welcome because omission on these occasions can be sinister. Even so, he dismissed SALT and Helsinki in six minutes flat. Angola was mentioned, but not in the context of detente because the Soviet Union considers it a matter of principle to help liberation movements, irrespec*tive of other considerations.* Once again Mr. Brezhnev clearly stated this principle, and it is worth noting: "We do not conceal our view that in the developing countries, as everywhere else, we are on the side of the forces of progress, democracy and national independence." But Mr. Brezhnev spoiled the effect of this passage by going on to claim that the Soviet Union does not exact military bases from those it helps, clearly contradicting evidence of Soviet installations in Somalia.

Fierce

As usual, relations with other Communists produced some of the most interesting moments. The unusually *fierce attack* on China seems to rule out any possibility that the Russians propose to meet Peking half or even a quarter of the way, should the present power struggle there throw up a more pro-Soviet line. On the other hand, Moscow has always seen China in terms of a Maoist minority oppressing a pro-Soviet majority, and Mr. Brezhnev's remarks would in that context be offered as encouragement to the masses.

We must wait several days for the most important part of the Congress, the Politburo elections. But the confidence with which Mr. Brezhnev spoke yesterday, the frequent use of the first person singular, and the complete absence of even a hint of personality changes, increases the likelihood that he will remain General Secretary.

Six men invited to-day, and one left out: (from left) Sir Monty Finniston, Sir Peter Menzies, Sir Derek Ezra, odd-man-out Lord Kearton, Sir William Ryland, Sir Richard Marsh, Mr. Freddie Wood. Who should be represented in the proposed new State industry body is one question which needs answering.

With State industry chairmen meeting to-day to try to establish a 'mini-CBI' for the nationalised sector, **Adrian Hamilton** examines the grievances of those who run some of our biggest corporations

A new voice in Whitehall

THIS morning's meeting of the heads of the major nationalised industries will see a determined array of industrial power gathered to decide on a new and permanent institution to represent their views. The 19 corporations represented make up over 20 per cent. of the country's gross domestic product, some 60 per cent. of the nation's energy supplies and distribution, most of its transport facilities from rail to airways, its television services and most of the "commanding heights" of the U.K. industrial economy.

Assuming that they finally decide to set up something akin to a mini-CBI of State industries, it would be hard to think of a more powerful pressure group. But equally it would be hard to think of another group of people who consider themselves more put upon by the authorities which they serve.

It is this feeling among the leaders of State industries that they are being left increasingly with responsibility but without power that is behind to-day's meeting. Opinions differ within the group on how far membership should be extended (there are, after all, more than 300 bodies which could claim to be State organisations, from *the White Fish Authority to* the University Grants Committee) and to what degree a formal pressure group such as this would be an effective voice for their views.

Informal meetings

Part of their problem has been the increasing demand from the Government for a "nationalised industry" view on pay, pricing and other economic issues. Bosses of the major seven nationalised industries have met regularly on an informal basis at a monthly luncheon for more than a decade and none of them has been reluctant to put his views directly to Ministers and to the Prime Minister, when necessary. But when the Labour Government came to power in 1974 and, by the end of that year, began a review of the whole question of nationalised indus*try pricing and the role that* the State corporations might play in the voluntary pay restraint, the Treasury wanted something much more than a series of soundings among the corporations.

If Government demands for a single nationalised industry voice was the only motivation, however, then the State corporation chairmen might well have been satisfied by the irregular meetings with Government that have taken place in *the past two years. What has* added spice to their demands for a more formal organisation is their mutual concern about pay and about relations with the Civil Service and the Government itself.

The relationship between the State companies and Whitehall and politicians has never been an easy one. The first nationalisations were promoted by political factors: they aimed at storming the "commanding heights" of the economy. But under *the "Morrisonian concept"* the men running the nationalised industries were given as much freedom of commercial action as possible. The contradiction between taking hold of certain industries for a national purpose but leaving them to operate virtually as a monopoly within the market was never satisfactorily resolved. From the start it resulted all too frequently in political or short-term intervention in the day-to-day manage*ment as particular crises arose.*

In a sense many of the complaints heard by the nationalised industry chairmen to-day—of political interference of short-term commercial intervention and of ambiguous definition of their role—are no different from the early days. Only the personalities are different and, in some cases, less formidable. The informal meeting arrangement has tended to become less effective as a result.

Yet times have changed, and *they have changed to the detri*ment of the State corporations. One change has simply been in Whitehall itself. As a post-war generation has come to power over individual industries in the role of assistant and deputy secretaries, so the mood of a number of civil servants has become more interventionist.

The argument for a complete revision of the Morrisonian concept of State-industry relationships and its replacement by a more strategic direction of investment and pricing is most actively expressed in the Department of Energy, where Sir Jack Rampton, the Permanent Secretary, is particularly committed to this view and where the imperatives of a "national energy policy" seem *most to encourage it.* The Department of Industry, used to dealing with the personalities as they exist and accustomed to tackling a constant load of last-minute crises, is perhaps less committed to the need for change—though *there are those among* its senior ranks who would like to see the relationship better defined on paper. But the Treasury, on the other hand, has now a number of rising stars who would like to see the nationalised industries brought more under control for policy as well as for financial reasons.

As Whitehall has begun to worry about the commercial freedom of State corporations, so in turn the State corporations have become more incensed about their lack of it. Beginning with the Heath Government's attempts at a voluntary and then compulsory prices and incomes freeze and continuing through the present Labour Government's efforts at *voluntary restraint,* the nationalised concerns have felt themselves used as the scapegoat.

The most deeply-felt part of their concern is over the pay restraint enforced on the salaries of their own chairmen for the past *six years*—a concern heightened after Lord Boyle's independent Top Salaries Review Body recommended substantial rises in December, 1974. Not only were these increases not given (in contrast with the Civil Service, with the greater *"clout" of its permanent secre*taries) but the chairmen have since been caught by the upper limit of £8,500-a-year on pay rises in the voluntary pay restraint. Some are now earning barely half the levels recommended by Lord Boyle.

While it is probably this factor more than any other which has incensed the more outspoken of the chairmen present to-day, their fury over this also reflects their anger at the way their corporations have been treated more generally. Price restraint is one part of this, and the hearings of the Commons Select Committee on Nationalised Industries have been filled with the calculations of the British Steel Corporation and others about the losses that has caused. Both the last Government and the present one, they argue, have used the nationalised industries to lead their policies of restraint, while private industry, as represented by the CBI, *instead of support*ing them, has welcomed the move and then castigated the corporations for the resulting losses.

Equally important have been the worries over succession which have hit most of the nationalised industries recently. Without adequate salary at Board level, chairmen have found it increasingly difficult to recruit the right executives.

The pay restraint has resulted in the extraordinary situation of *individual managers being paid* considerably more than the chief executive and of senior employees actually losing income as a result of moving up to become full-time members of the Board (in the case of BSC, for example). Pushed around on day-to-day questions, restricted in their ability to reward their executives, constrained in their negotiations with unions and made the scapegoat of public reaction to the excesses of Government expenditure, State industry chairmen have become explosive on the subject of the frustrations of their job and about the constant rearguard action they have had to fight against Government interference from men, as one chairman put it, "I would not employ as a cleaner in my office."

Some half-dozen chairmanships of major corporations in the public sector are due to become vacant or up for renewal in the next two years—includ*ing those for British Steel* and British Transport Docks—and corporation chairmen are seriously concerned about how the Government will find successors and whether they will seek more compliant men to fill the vacancies.

Whether a new organisation on the lines to be proposed at to-day's meeting will provide likely solutions remains to be seen. At this stage the meeting is confined simply to deciding whether a permanent institution will be established and discussions are likely to concentrate on the details.

It is once the organisation has been formed and the members look for results that the problems may arise. For all the unanimity on such issues as pay and the Government demands for a single voice, the most obvious fact about the nationalised industries is how little they have in common. The manufacturing enterprises like BSC are in a totally different world from the service industries like the BBC, just as the profit-making corporations like British Gas feel their interests entirely separate from the permanent lossmakers like British L
even the Post Office. Wh
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INVITED TO TODAY'S MEETING

British Airports Authority	Mr. Nigel Foulkes.
British Gas	Sir Arthur Hetherington.
British Railways Board	Sir Richard Marsh.
British Steel	Sir Monty Finniston.
Electricity Council	Sir Peter Menzies.
National Coal Board	Sir Derek Ezra.
Post Office	Sir William Ryland.
British Airways	Sir Frank McFadzean.
BBC	Sir Michael Swann.
British Transport Docks Board	Sir Humphrey Browne.
British Waterways Board	Sir Frank Price.
Civil Aviation Authority	Lord Boyd-Carpenter.
Independent Broadcasting Authority	Lady Plowden.
London Transport Executive	Mr. Kenneth Robinson.
National Bus Company	Mr. Freddie Wood.
National Freight	Sir Daniel Pettit.
Scottish Transport Group	Sir Patrick Thomas.
U.K. Atomic Energy Authority	Sir John Hill.
National Water Council	Lord Nugent.

MEN AND MATTERS

Reporting on the Duke's scheme

This is *definitely the year of* celebration. Two hundred years since America began saying goodbye and Adam Smith got *The Wealth of Nations* and Gibbon his *Decline and Fall* published: 1,500 years since one of the key phases in Rome's actual fall: *and 20 years since the inception* (remember?) of the Duke of Edinburgh's Award Scheme for young people. Yesterday Prince Philip reviewed progress and concluded that the original philosophy is just as relevant now and the "formula works."

By most standards, this effort to encourage initiative has indeed worked well, with over a million entrants attracted so far, almost half a million awards gained and 8.5 per cent. of those eligible actually taking part. The last figure is one detail from a report on the scheme prepared for the anniversary by Dr. Alcon Copisarow, a civil servant for 20 years before becoming a management consultant with McKinsey's and whose wife has long been involved with the award scheme.

His report (a year's spare time work in the making and the product of two dozen interviews and 870 returned questionnaires) has its critical points. These seemed to boil down to two: first the high drop-out rate, with four out of seven participants not completing courses, then the image problem. As Prince Philip himself put it at a Buckingham Palace Press conference, the scheme often appears to be a mere "mountain climbing and tent pitching operation."

Copisarow, a veteran of his firm's Bank of England review, found most of the popular conceptions about the Duke's scheme wrong, especially the belief that entrants tend to be middle-class do-well types. So he thought publicity needed to be brushed up. Overall, though, having started in the belief that his report would lean to the critical, Copisarow declared he "came out impressed."

"If only we'd had a payola fund!"

Slim times

The saying that something is "as thin as a cigarette paper" has worked its way into the language. It is perhaps fitting therefore that Imperial Group should have taken steps to thin down the paper used in the latest annual report which has just been sent to shareholders. The report points out that the paper is made by a group subsidiary, and there is an additional practical advantage: savings in respect of paper cost and postage of £31,000.

Still on the economy kick, the company has decided that since the salient points of the chairman's address at the annual meeting will be published in four national daily newspapers (including the Financial Times), and extracts in most other national newspapers, it will not this year post copies to all shareholders. The speech can still be obtained by shareholders on request to the secretary, and in this way Imperial estimates that it will save a further £32,000.

Banking first

Jacob Levinson appears to have many of the right qualifications to succeed as a politician in Israel but less obvious grounding to be a top banker. Yet curiously he has so far deliberately *avoided* the first, and concentrated on the second. Levinson is chairman of Bank Hapoalim, biggest of the country's banks domestically, with some 240 branches, and the second biggest internationally.

He went straight in as chairman seven years ago after achieving prominence as the youthful head of the economic department of Hevrat Ovdim, the commercial arm of Histadrut, Israel's TUC equivalent. His arrival coincided with a *decision to expand overseas, and* Hapoalim has opened two branches in London.

As Levinson explained during a flying visit to the West End office, his bank's origins and ownership are unusual. It was *started 54 years ago* by the-then Palestinian labour movement, and voting control of the now-public group remains with Hevrat Ovdim, which has significant stakes in most of Israel's industries—including the Kibbutz *organisation*—accounting for about a quarter of GNP.

That situation gives Hapoalim an assured and important corporate client list: Levinson stressed, however, that Hevrat Ovdim leaves the bank management completely alone, and Hapoalim is also banker to many members of the Association of Manufacturers, the CBI equivalent.

Levinson toils under some extraordinary pressures because of Israel's extreme squeeze necessitated by the spending of 25 per cent. of the national budget on defence. So while he can talk happily of last year's 40 per cent. net profit rise (helped, he declared, by staff and management alike accepting lower-than-average pay scales), Levinson is less *enthusiastic about* the 70 per cent. tax on gross profits and the high proportion of customers' deposits which have to be deposited with the Bank of Israel. Israeli banks last year paid some £6½m. in fines *for slipping* below the deposit levels.

As for international relationships, Levinson claimed that pro-Arab sentiment was less of a headache than last year's Israel-British Bank furor, and even then, the "scandal was big but the bank was small." Levinson gives the impression on that and other issues that he is not entirely at one with the present administration.

When Yitzhak Rabin took over as Prime Minister, he offered Levinson the finance ministry, but was turned down. Levinson's background looks impeccable: born in Tel Aviv, ten years member of a kibbutz beside the Lebanon border, and a leading Hevrat Ovdim official at 27.

He grins, tut tuts and refuses comment on why he refused Rabin's invitation. Still in his early forties, he appears content to carry on the tough banker role—at least for the moment.

Food for thought

Overheard at a dinner party: Government Minister, "I'm afraid I haven't seen 'Jaws' yet." Fellow guest, "I wouldn't bother. Its *just like an under*water Cabinet meeting."

Observer

هكذا الأصل

FINANCIAL TIMES SURVEY

Wednesday February 25 1976

KUWAIT

Ahead of most of its Gulf neighbours in economic development, Kuwait was the first to achieve control of its oil resource. It is now taking steps to strengthen its armed forces and to win new friends abroad.

Owner of its only asset

O-DAY KUWAIT celebrates e 15th anniversary of its dependence comfortable in ; unprecented wealth and also oud to have taken full owner-ip of the oil producing fields ich are the main source of ; prosperous economy. It uld be argued—and certainly as by members of the National sembly—that sovereignty uld not be complete without ll ownership and control of e country's one natural asset.

For Kuwait it has been a atter of some satisfaction that e State achieved control over ; oil industry in advance of e other Arab producers along e southern littoral of the Gulf. / any criteria the State must considered a decade or so ead of Saudi Arabia, Qatar d the United Arab Emirates general sophistication and cial development. At the me time, as an essentially con-rvative entity which has in e past felt exposed to the dical currents in the Arab world, Kuwait has felt it imperative to show a certain militancy in oil politics—just as it has felt obliged to espouse the Palestinian cause almost as zealously as the Palestinians themselves.

Kuwait can claim to have been very much in the forefront of OPEC's drive for higher prices and the assertion of members' control of their oil industry. In the process the Kuwait National Assembly, a unique political body in the Arab world, played a significant role—having rejected the original model of participation so patiently negotiated by Saudi Arabia which would have given an initial share of only 25 per cent. in the Kuwait Oil Company. Eventually in the summer of 1974 it settled with British Petroleum and Gulf for a 60 per cent. share. Within nine months Kuwait announced, in advance of any talks with the companies, the full take-over amid the euphoria of the OPEC summit convened to cement the solidarity between the oil producers and the other developing countries.

The venue and timing of the announcement was not an accident. At first sight, though, Kuwait would appear to be one of the more bizarre elements in the alliance between oil producers and other developing countries. Alone of OPEC's members it had accumulated a very substantial surplus before the five-fold escalation in oil prices. In the past year it has been one of the handful of OPEC members that has been able to contemplate, with equanimity the fall in demand for oil and absorb the higher cost of imported goods from the West.

Despite a drop of nearly 20 per cent. in its own production, it was nevertheless able to generate a cash surplus before aid commitments of over $5bn. and add something like $3bn. to its general reserve where the assets are now valued at over $12bn. Income from the General Reserve alone is now believed to be running at a rate of a billion dollars and in addition Kuwaiti private investors are estimated to have another $6bn. worth of assets abroad. With enough oil to last from 70-100 years, according to present estimates, and a population of only 1m., the inhabitants of the State seem peculiary well blessed by any standards.

Friendship

OPEC solidarity apart however the fact remains that Kuwait is basically dependent on one natural resource which currently accounts for more than 75 per cent. of its gross domestic product and an even higher proportion of its foreign exchange earnings. The obsession with gaining the maximum benefit from the wasting asset and also conserving it for the future is deep-rooted and genuine. Equally important the policy of the State, which has never felt completely secure in the world, has been to spread its links of friendship as widely as possible and strengthen them with aid.

Perhaps the apparent and superficial paradox can best be explained by the sensitivity which Kuwait has always felt about the concentration of so much wealth in the hands of a State of few indigenous inhabitants who are dependent on services performed by a greater number of expatriate second class citizens. Built into Kuwait's psyche is the trauma of 1961 when the treaty relationship with the U.K. came to an end and the fledgling State was nearly gobbled up by a predatory Iraq. This was the origin of the Fund for Arab Economic Development (KFAED) and a policy of disbursing surplus money to win as many friends as possible and make the world a safer place for Kuwait. Now, with the aid habit ingrained, it is difficult to say where self-interest ends and idealism—which undoubtedly exists—begins.

Over the past two years Kuwait's performance as an aid giver has excelled that of any OPEC state. Naturally the greatest amount has gone to the Arab confrontation states which received from the State no less than $1bn. in 1974-75 alone. There has been a remarkable expansion in the lending of the KFAED whose operations now extend to Asia and Africa. Beyound that Kuwait has set out as a matter of policy to make available in the form of aid and investment as much as possible of its surplus revenues, first, to other Arab countries and, secondly, to the wider developing world.

The official calculation is that 60 per cent. of the General Reserve is invested either domestically or in the wider Arab world.

Kuwait needs a wider arena for investment than the State itself with its limited potential for development can provide. To insure its money Kuwait sponsored the Inter-Arab Investment Guarantee Corporation which most Arab governments now subscribe to. It has also taken the lead in promoting economic collaboration among the states of the Gulf. In doing so it has had to allow these states reciprocal rights at home, thus modifying the old principle that Kuwait should be the exclusive business preserve of Kuwaitis.

Limitations

However, the Kuwaiti Government has been forced to recognise the limitations on investment in the Arab world because of restrictions on the inflow of capital and administrative problems. Conversely, the officially stated policy has tended to disguise the enduring interest of Kuwait in securing real assets in the West as part of its long-term investment policy. In the past year, buying of equities and real estate, especially in the U.S., has been heavy. Meanwhile the volume of funds held short-term in the international money markets, earmarked for specific projects or loans, has built up. Like Saudi Arabia, Kuwait has a vested interest in the stability of the West's economy and knows it—as its responsible policy towards its Sterling holdings has shown. Typically, it has also entered into a number of economic collaboration agreements with East European countries over the past year.

On one level Kuwait continues to exude a confidence—or even, as many other Arabs would say, an arrogance—which only the very wealthy can feel. Yet, side by side with it there is also the apprehension of an immensely rich capitalist who feels vulnerable and exposed. Most specifically, the frontier dispute with Iraq, whose troops three years ago occupied a portion of Kuwaiti territory is still unresolved. For its part, Kuwait stood up resolutely to the demand from its stronger neighbour that it should cede one of its islands and allow Iraq to occupy half of another.

Since the crisis Kuwait has embarked upon an expansion of its armed forces involving the purchase of sophisticated Mirage fighter-bombers, anti-aircraft missiles, Chieftain tanks, and naval craft. No less than 1,000 Kuwaitis are training abroad and conscription is to be introduced under a law passed last year. Kuwait has made it known that its new capability will be available for any armed confrontation with Israel, but primarily the programme must be seen as designed for self-defence.

In practice, it is difficult to see the Arab world generally and Syria and Saudi Arabia as well as Iran individually allowing a violation of Kuwait's territorial integrity to be perpetrated. Even so the concern about external security exists. Parallel with it there is a palpable unease among Kuwaitis about the growing demographic imbalance in the country and the threat which it could pose to their own privileged identity. According to the latest official estimates Kuwaiti citizens amount to 47 per cent. of the population—470,000 out of 991,000. In reality the proportion is said to be very much less. Currently expatriates account for 74 per cent. of manpower.

Yet they take a very definite second place in the queue for inadequate education and health services. While the biggest domestic preoccupation of the Government is cheap housing for Kuwaiti citizens, Arab expatriates are now suffering the main squeeze from soaring rents caused by the economic boom. Many Kuwaitis grumble that they are only in the country for what they can get out of it—which is scarcely surprising given the fact that they have virtually no chance of obtaining citizenship or owning property.

Faced with their people becoming a dwindling minority the Kuwaiti Government still has to work out a population policy and is showing an apparent reluctance to face the awkward problem. Because of the demographic implications however, it is clear that the State is likely to limit the extent of industrialisation which must necessarily mean the import of yet more labour. Already the plan for a steel plant has been shelved for that reason.

BASIC STATISTICS	
Area	7,200 sq. miles
Population:	1m. (est.)
GDP:	KD3.2bn. (1974)
GDP per capita:	KD3,437 (1974)
FOREIGN TRADE (1975):	
Imports (to Aug.):	KD428.6m.
Exports (to Oct.):	KD2.328bn.
Imports from U.K.:	£99.2m.
Exports to U.K.:	£419.3m.
CURRENCY:	
£1=0.588 Kuwaiti Dinars.	

Privileges

The National Assembly has generally proved a jealous guardian of Kuwaiti privileges. It is a factor in the State's life which the Ruler and the Government which he appoints has had to take increasingly into account. Created in 1963 when the Constitution came into force the Parliament has proved that it is no rubber-stamp especially since the election of 1971 — the first to be chosen without Government interference and rigging. That session was notable for destroying the original participation agreement. The Assembly elected early last year has also proved perverse from the Government's point of view having refused to approve, among other legislation, the international convention on hijacking. It also blocked for a while, to the Government's embarrassment, an economic agreement with Romania because of that State's links with Israel.

Restricted to a small suffrage of the votes of 50,000 males of the first grade Kuwaiti citizenship (as opposed to those of the second grade) the National Assembly is an interesting experiment in democracy and a luxury that the State can afford. Its establishment could be seen as reflecting the wisdom of the Ruling House of Sabah in delegating authority and sharing power, even if in practice, authority is centred very much in the hands of leading members of the family. The essence of the Kuwaiti system remains very much—as it has been for 200 years—an alliance between the Sabahs and the merchant aristocracy.

Richard Johns

The economy

Even though oil production fell last year and there were greatly increased aid disbursements, Kuwait is continuing to build up its very substantial reserves.

IF EVER a country seems happily fated to go on generating oil surpluses indefinitely, it must be Kuwait. Last year saw a marked change in the fortunes of several members of the Organisation of Petroleum Exporting Countries (OPEC) and in the course of it Kuwait's own oil production fell by 19.2 per cent. Nevertheless, despite greatly increased aid disbursements Kuwait was able to channel an estimated $3bn. into its general reserve, which itself has become a very considerable source of income.

Inevitably during the current Kuwaiti financial year (ending March 31 next) the excess of revenue over current and development expenditure will not be as great as in 1974-75, when the State enjoyed the full flush of the 1973 price increases and the subsequent increments, particularly that arising from the achievement of 60 per cent. participation. The indications are that the cash surplus will be in the order of $5bn. compared with $6.5bn. for 1974-75.

Although production was down by 19.2 per cent. in the calendar year, higher average receipts will have meant that oil revenues probably dropped by only 11 to 12 per cent. from $8.2bn. to an estimated $7.3bn. (Credit terms of 60-75 days offered to purchasers of crude mean that the fiscal and calendar years are comparable with regard to output and income—so that Kuwait will have benefited for only 3 to 4 months from the last September 1975 OPEC price increase).

Income from the State reserve increased from some $420m. to perhaps to as much as $1bn., which would account for 17 per cent. of total revenue. Taking into account other domestic revenues it appears that Kuwait's total revenue last year would have been at least $8.5bn.

Expenditure was set in the 1974-75 Budget for the current year at KD826m. compared with the original estimate of KD574m. for the previous year. As in 1974-75, when actual current and development spending in Kuwait itself was more like KD800m., the estimates are likely to be exceeded. Even so, a cash surplus clearly in excess of $5bn. is in prospect. Aid disbursements would probably have been $1.5bn. to $2bn. and in addition other sums may have been set aside for special purposes in "suspense account" which are not calculated as part of the general reserve.

Anything up to $3.5bn. should have remained for transfer to the general reserve which constitutes the State's investment portfolio even if it contains a substantial amount of liquid funds. Published figures show that foreign assets at the command of the Finance Ministry at the end of March last amounted to $3.31bn. at the current exchange rate. The total now is understood to be $12bn. According to senior Finance Ministry officials a very marked appreciation in the value over the past year has been a *big factor in the* increase.

To the funds controlled by the Ministry of Finance have to be added the assets of the Kuwait Fund for Arab Economic Development and the quasi-State entities like the Kuwait Investment Company in which it has a share. Together with the commercial banks, with well over $1bn. in net foreign assets these brought in an income of $700m. in 1974-75.

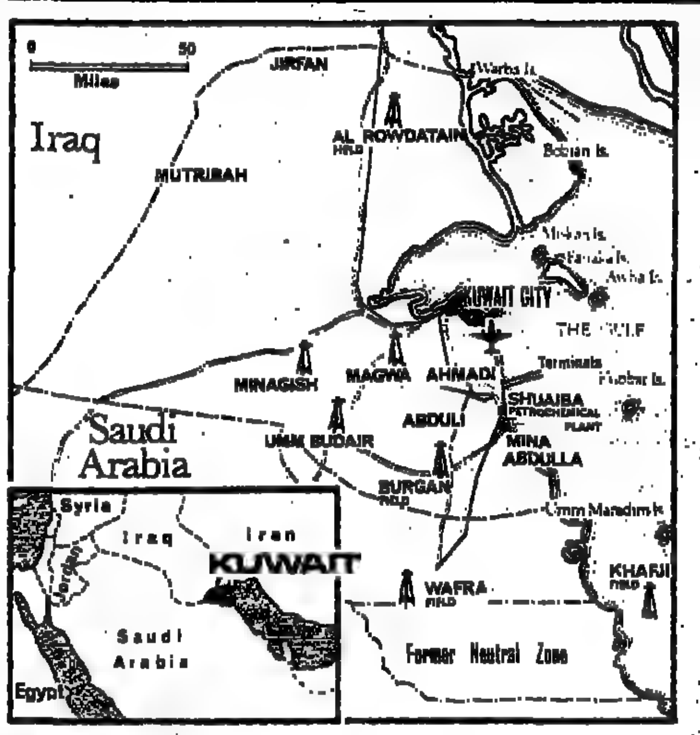
Private foreign investment is now reckoned to be worth $6bn. Just how much income they generated is disguised by a very much larger outward flow of capital. The stake purchased in Lonrho by the company owned by Sheikh Nasser al Sabah al Ahmed al Sabah and his father, the Foreign Minister is indicative of the kind of wealth owned by Kuwaitis, not the least by members of the ruling House.

SUMMARY OF GOVERNMENT REVENUES AND EXPENDITURES
(KDm.)

Description	1970-71	1971-72	1972-73	1973-74	1974-75*	1975-76†
1—Receipts:	373.9	424.0	597.7	675.3	2,604.0	2,004.5
Oil receipts	297.7	354.1	506.0	543.9	2,403.6	1,686.7
(a) Taxes and royalties	297.7	354.1	506.0	543.9	715.2	543.5
(b) Sales of crude oil	—	—	—	—	1,688.4	1,143.2
Investment income§	31.8	42.3	50.8	89.1	161.7‖	270.0**
Other receipts¶	44.4	27.6	40.9	42.3	38.7	47.8
2—Expenditure:	303.2	346.9	396.7	536.7	865.2	908.6
Current¶	230.9	276.3	313.3	438.4	732.0	609.3
Development	47.9	50.7	60.2	73.2	106.1	249.3
Land purchase	24.4	19.9	23.2	25.1	27.1	50.0
3—Surplus (1-2):	70.7	77.1	201.0	138.6	1,738.8	1,095.9
4—Finance††:	−70.7	−77.1	−201.0	−138.6	−1,738.8	−1,095.9
Change in cash balance	−70.7	−77.1	−201.0	−138.6	−1,738.8	−1,095.9

* Excludes amounts placed in suspense account. † Estimate. § Investment income from the general reserve account and from the independent account. ¶ On net basis, that is after deducting revenues accruing from different Government ministries for electricity, water and communication services rendered by the respective ministries. ‖ Preliminary estimate. ** International Monetary Fund's estimates, February, 1975. †† (−) Negative amounts were transferred from total revenues to the general reserve. (+) Positive amounts were transferred from the general reserve to total revenues.

Source: Ministry of Finance.



Because of earnings from this accumulated wealth Kuwait's balance of payments looks a very different proposition from those of other producers when oil sector transactions are excluded from the reckoning. They are healthier in other respects, too. In 1974-75 non-petroleum exports covered 23 per cent. of imports—probably a higher proportion than any other member of OPEC could boast. Fertilisers were an important factor here, but other enterprises like the Kuwait Metal Pipes Company have also been successful in overseas markets. Helped by earnings from shipping and the spending by the great flock of visiting foreign businessmen the deficit on services is now modest.

"We do not like to talk about surpluses," said one Kuwait finance official, answering a question with a smile. The old sensitivity about the concentration of so much wealth in such a small State and fear of malevolence born out of envy are still there. In part it accounted for the fulsome assurances in the wake of the oil price escalation that Kuwait would eventually be able to spend its entire wealth domestically and in the Third World, either in the form of aid or investment. The calculation that in 1974 71 per cent. of the surplus would go to the developing countries in some form or other was clearly a matter of intent—measured by commitment—rather than the actual performance.

In the event, the Kuwaiti performance has been far better than that of any other producer. It appears that 60 per cent. of the $5.4bn. committed for aid from the start of 1974 to the middle of 1975 was disbursed, including $1bn. to the Arab confrontation States. The figure also contains Kuwait's contribution to the IMF oil facility, which the Government regards as aid, and purchases of World Bank paper, which it counts as investment. Indeed, the two overlap, making any precise calculation difficult.

As for ploughing revenues into the Third World, the Kuwait Government seems to have learnt that it is not easy to translate the aspiration into the reality of profitable investment. A notable example here is the pledge to invest $400m. into Egyptian housing and tourist schemes which was made well over a year ago but which, because of bureaucratic delays, seems no nearer to implementation than it was a year ago.

With limited opportunities at home, the search for investment opportunities in the Arab world by both the State and private sector is continuing. Here the establishment of the Inter-Arab Investment Guarantee Corporation as a result of Kuwait's efforts should give additional security. Involvement of the State's capital in the development of other countries may be more problematical.

Rich though such countries as Brazil and Mexico—among those with which economic collaboration agreements have been reached—may be potentially, they may not necessarily be the best repository for Kuwaiti funds. For different reasons the same is true of East Europe, where Kuwait has undertaken to finance a third of the cost of Yugoslavia's $500m. oil pipeline. The Government now seems less than enthusiastic about participating in the construction of a $6700m. petrochemical complex in Romania for economic reasons, quite apart from the National Assembly's links with Israel.

East Europe apart, certain misgivings about Third World investment—from the economic as opposed to the political point of view—seem discernible. At the same time, despite the senior official quoted above, the word "surplus" seems less invidious than it was a year ago. The impression is that Kuwait's leaders are now thinking more enthusiastically again in terms of building up a long-term portfolio of copper-bottomed real assets to provide for the State when the "oil runs dry."

That will take between 70 and 100 years, according to latest estimates, at the 2m. barrels a day rate of production that is now generally considered the optimum. Notwithstanding the surplus, the Government is evidently weighing up whether or not production—market factors permitting—should be increased next year. Mr. Abdel-Muttaleb Kazzimi, Minister of Oil, is one who thinks that it should be—to help pay for the cost of the big developments planned, including the petrochemical industry, and also to build up the State's investment income.

With increased income from investment and upward adjustments in the price of oil it can probably be assumed that revenue will continue at its present level in constant terms over the next five years. But the demands on it are going to exceeded. Beyond that there is generally appreciated. The probability is a steady decline in the amount of money available for long-term investment.

Both current and budget spending have risen rapidly over the past two years. On the latter account the target was nearly 99 per cent. fulfilled in 1974-75 and will probably be surpassed in 1975-76.

In the summer, when Kuwait switches to a July-June fiscal year, quite outside the context of the normal budget, the Government is planning an enormous spending programme on housing, petrochemicals, the purchase of ships, the supply of weapons and other projects. According to present indications, the cost could amount to $10bn. at to-day's values. In addition the political pressures on Kuwait to maintain a high level of aid will remain.

The scale of the expenditure required for the expansion of infrastructure, improvement of amenities and general improvement of Kuwait that is planned may come as a surprise. Comfortable in its surpluses, the State could embark upon a multiplicity of projects without regard to financial constraint.

It is a pertinent question, however, whether the economy is strong enough to bear the kind of construction activity by the public and private sectors which is in prospect. With labour already in short supply and the price of housing rocketing, the inflationary effects could be devastating. The Planning Board has calculated a "lower limit" for domestic public expenditure of $4bn. at constant 1974 terms annually—which looks as though it will soon be exceeded. Beyond that there is a limit to what the administrative machine can cope with.

Richard Johns

THE BALANCE OF PAYMENTS (KDm.) (1974/75)

Description	Credit	Debit
1—Transactions of the oil sector:		
Government oil receipts	2,203.48	
Local currency sold to the oil companies	25.00	
Transactions of KNPC (net)	140.76	
Total of 1	2,369.24	
2—Other current transactions:		
Exports and re-exports	130.46	
Imports (c.i.f.)		516.90
Unrecorded imports		35.68
Travel	15.27	31.85
Diplomatic, student and medical expenses		5.20
Investment income*	202.55	
Others	9.43	
Total of 2	357.71	589.63
Total of 1 and 2	2,726.95	589.63
3—Balance of 1 and 2:	2,137.32	
4—Non-monetary capital and transfers:		
Government's transfers		286.67
Private transfers		75.00
Government loans	16.70	
Kuwait fund		
Loans		2.54
Portfolio investment		142.44
Total of 4	16.70	506.65
Balance of 4		489.95
Total of 3 and 4	2,137.32	489.95
Balance of 3 and 4	1,647.37	
5—Net errors and omissions		†532.58
6—Monetary sector:		
Commercial banks:		
Assets		20.21
Liabilities	43.54	
Official reserve:		
Central Bank of Kuwait:		
Gold		7.46
IMF subscription		124.20
Other foreign assets		153.40
Ministry of Finance		853.06
Total of 6	43.54	1,158.33
Net balance of 6 (surplus)		1,114.79

* Investment of Government, commercial banks, and some of the investment companies. † Includes both private investment income and private capital transfers.

Source: Central Bank of Kuwait.

هكذا اصبح الأصل

The men in charge

▲ The ruler of Kuwait, Sheikh Sabah al Salim al Sabah:

succeeded in 1965 on the death of his [illegible] Sheikh Abdullah. Named Crown Prince two years earlier, he was [illegible] something of a compromise [illegible] by the Family. He remains very [illegible] a figure-head who is prepared [illegible] delegate and leave direction of policy [illegible] the present Crown Prince whom [illegible] expected to become Ruler 11 years [illegible]. Grandson of Mubarak "The [illegible]" who ruled in the early part of [illegible] century, through the Salem branch [illegible] the family. It is believed that he is [illegible] prepared to abdicate if his family [illegible] that his son should succeed him. [illegible] 62.

▲ Sheikh Jabir al Ahmed al Jabir al Sabah:

Crown Prince and Prime Minister: an impressively shrewd and capable Heir Apparent who is very much in command of the State's affairs. In his younger days, when he was responsible for oil and financial affairs, he gained a reputation as a hard bargainer. He has married many times apparently for the sake of strengthening the tribal ties of the Ruling Family. His brother is Foreign Minister. Aged 50, he is the great grandson of Mubarak "The Great" through the Jabir branch of the Sabah family.

◄ Sheikh Jaber al Ali al Salim al Sabah:

Deputy Prime Minister and Minister of Information; a power behind the scenes who commands a considerable tribal following. After seven years in the Government as Minister of National Guidance and Information, he withdrew from it in 1971 because he wanted a more powerful position. With his influence over the more traditional elements in the National Assembly, he was reckoned to have made life difficult for the Government when he was out of it. Returned after last year's elections as Deputy Premier, but is believed to want the Defence or Interior portfolio. Aged 48, he is a senior member of the Salim branch of the Family and nephew of the present Ruler.

▲ Mr. Abdel-Muttaleb al Kazzimi, Minister of Oil:

He joined the Government early last year and as new Minister of Oil last March announced Kuwait's intention of taking over full ownership of the Kuwait Oil Company. An elected member of the National Assembly who received more votes than any other candidate in the 1975 General Election. In the last Parliament he was chairman of the key finance and economic committee. Educated at Cairo and Colorado Universities, he was once head of the budget section at the Ministry of Finance and Oil. Aged 43.

▲ Mr. Abdel-Aziz al Sager, President of the Chamber of Commerce and Chairman of the Kuwait Oil Tanker Company:

One of the most powerful figures in Kuwait's commercial life. He participated in the Council which drafted the Constitution. Mr. al Sager has also been Minister of Health, a member of the National Assembly, and vice-chairman of Kuwait Airways in the past. While other tanker owners have been cancelling orders, KOTC has raised its tonnage over the past year to the present level of 2.15m. d.w.t. His family al Ghanims, the al Sagers came to Kuwait with the Sabahs in the 18th Century. Aged 67.

▲ Mr. Abdullah Yousef al Ghanim, Minister of Electricity and Water:

The leading technocrat in the Government he has ensured that the State has sufficient capacity for electricity and water. Last year he concluded the agreement with the U.S. Atomic Energy Commission and has much impressed foreign consultants. He is also on the Board of the Kuwait Fund. Having studied engineering at Glasgow University, he acquired a Scottish accent, became a dedicated soccer fan, and is known to many as "Jock." He is a member of one of the leading merchant families, one of the five that accompanied the Sabahs to Kuwait from central Arabia 200 years ago.

▲ Sheikh Sa'ad al Abdullah al Sabah:

Minister of the Interior and Defence: a tough member of the regime who has stood no nonsense from expatriate trouble-makers. He is very popular among Kuwaitis because he is compassionate and open-handed. He has a significant tribal influence but not as much as Sheikh Jaber al Ali's. Formerly Director of Internal Security and President of Police and Public Security Department. Aged 51, he is the dark-skinned son of the last Ruler and therefore a nephew of the present one.

▲ Mr. Abdel-Rahman al Attiqi, Minister of Finance:

A very able member of the Government who rose to office through the ranks of the Civil Service, he was Minister of Finance and Oil from 1967 until the beginning of last year when the portfolio was split. He started his career as a clerk with the Kuwait Oil Company before being secretary to the present Emir. Subsequently became Director-General of Police, head of the Health Department, Ambassador to Washington and Head of the Diplomatic Service. Aged 47.

▲ Mr. Abdelatif al Hamad, director-general of the Kuwait Fund for Arab Economic Development:

He has the reputation of being probably the leading financial brain and economic thinker in Kuwait. Educated at Victoria College, Alexandria, he was attached for a short time to the Kuwaiti delegation at the UN before joining the KFAED shortly after its creation. He became director in the following year. Mr. al Hamad was also the main architect of the Inter-Arab Investment Guarantee Corporation. He comes from one of the most solid and respected of the Kuwaiti merchant dynasties.

KUWAIT IV

Kuwait's enormous wealth is becoming an increasing force in international finance—witness the growing involvement in the Euromarkets. The main machinery for these operations are the big banking institutions whose assets have shown rapid expansion.

Financial muscle

SINCE THE civil strife in Lebanon destroyed, or at least appeared to destroy that country's role as the financial centre of the Middle East, bankers in the financial capitals of the West have been engaged in speculation over which other Middle Eastern centre might inherit the lion's share of the business formerly based in Beirut.

In fact there has never been any chance of a single city taking over the mantle worn by Beirut — whose dominance was anyway never as great, except in a short period of the early 1960s, as is often supposed. Whatever their traditional jealousies, the centres generally spoken of as potential successors to Beirut, which in the Gulf have been Kuwait, Bahrain and to a lesser extent Dubai and Abu Dhabi, have not been involved in any sort of competition to take Beirut's place, and have generally been content each to develop its own speciality.

Kuwait meanwhile, having traditionally handled virtually none of its neighbours' money, has concentrated on developing large and powerful national financial institutions, which will handle the placing and investment of its own enormous funds abroad, and will be able to stand by themselves as a major force in the international market.

The private sector in Kuwait is very much richer than the private sector in any of the neighbouring countries — even though at the top end of the wealth bracket Kuwait has not seen the vast increase in personal fortunes that Saudi Arabia has witnessed over the past two years. Although it is true that, by virtue of the sheer size of their wealth, Kuwaiti investors own more direct foreign investments than the citizens of any other Arabian Peninsula country, they also have very much more money (in both proportional and absolute terms) than the Saudis, Abu Dhabians and Qataris on deposit with banks in their own State. Four of the five Kuwaiti commercial banks now have assets exceeding $1bn.

Contrast

At the same time the Kuwaiti Government, in contrast to the authorities in the other less financially sophisticated Arabian Peninsula countries, has been able to promote the growth of its financial institutions and their entry into the international arena by making it part of its policy to use Kuwaiti banks and investment companies for a large part of its Euro-bond purchases and real estate investments within the Arab world.

The biggest single area of expansion for Kuwaiti institutions recently has been in Eurobonds, where the names of Kuwait Investment Company (which became the first Arab institution ever to co-manage an international bond issue only five years ago), Kuwait Foreign Trading Contracting and Investment Company and Kuwait International Investment Company have become increasingly familiar in the management, placing and underwriting of new issues. The vast majority of the bonds placed by these three companies in 1975 was bought by the Ministry of Finance, which last year entered the market on a particularly big scale to take advantage of the high interest rates.

On a somewhat smaller scale the Kuwait Financial Centre, an aggressive and successful merchant banking operation set up in November, 1974, by Sheikh Ali al Sabah (the Ruler's son) with the International Bank of Washington and seven minor shareholders, has entered the bond placing business for the purpose of developing the private sector retail side of the market—placing bonds principally with members of the ruling family.

One of the big three Kuwaiti companies in the bond business, KFTCIC, has also led the way in the promotion of inter-Arab and Arab-African investment. Although KFTCIC was originally established in the mid-1960s with an African oriented brief, troubles in raising capital for the company prevented it from undertaking any ambitious investment operations until 1972 —since when it has established with foreign partners the Afro-Arab Company for Investment and International Trade (AFARCO), the Banque Senegalo - Koweitienne, the Sudan Kuwait Investment Company (which in turn has set up transport, real estate and livestock companies), and most recently the Egyptian Kuwait Investment Company.

The increased activity in other Arab and African countries of KFTCIC, together with the Real Estate Investment Consortium and the Kuwait Hotels Company, which are being used by the Ministry of Finance for investing in hotel, housing and tourist projects in North Africa and Syria, is being paralleled on a much smaller scale by individual private investors.

During the past two and a half years Kuwait private investors have been obsessed first by a local share-buying craze, which took some stocks up to a point where their price earnings ratios exceeded 100, and more recently by a craze for real estate, which has seen truly fantastic inflation. But there have been signs recently that a few Kuwaitis, inspired partly by a new pride in the Arab world and greater confidence in its political stability, and partly by a feeling that their investments in the West are less secure than they used to be, are beginning to think of investment in other Arab countries.

With the exception of the investments in the Sudan made by the Gulf International shareholders, Sheikh Sabah al Ahmed (the Foreign Minister) and his son, Sheikh Nasser, the sums involved so far are minute in comparison with the amounts being invested in Kuwaiti real estate—but it is hoped that the existence of the Inter-Arab Investment Guarantee Corporation, which began business in Kuwait at the end of last year, will encourage a larger flow in future. The two insurance policies signed by the Corporation to date are both with institutional investors, but several of the contracts now being negotiated involve private companies and individual investors.

Apart from the expansion of Kuwaiti institutions in the bond business and in inter-Arab investment, the major developments of the past year in Kuwaiti finance have been internal—with the Government going to great lengths, in arranging the floating of shares of the Burgan Bank (named after Kuwait's biggest oil field) and in encouraging the issue of Industrial Bank of Kuwait bonds, to ensure that the "poor Kuwaitis" are given an opportunity to enjoy the profits stemming from the management of the country's wealth.

The affair surrounding the floating of the Burgan Bank (which provides a classic insight into the preoccupations and behaviour of both the Kuwaiti Government and Kuwaiti investors) began within a few days of the Government announcing that it intended to establish a new bank in which it would have a stake of 25 per cent. Under Kuwaiti law every Kuwaiti citizen was entitled to subscribe to the new issue, which meant that no single investor would be able to acquire more than a handful of shares. If everyone took up their entitlement—and so, in anticipation of the new bank's shares proving to be as profitable as those of the five established banks, rich Kuwaitis began buying "nationalities"—other Kuwaitis' rights to subscribe.

The Government responded by outlawing the sale of nationalities, cutting the proposed price of the shares from KD10 to KD1, reducing the number of shares to which any one individual could subscribe from about 1,000 to only 50, and making the purchase and sale of Burgan shares illegal for a period of two years after the Bank's foundation.

Rights

These moves meant that no single person could accumulate the 500 shares normally regarded as the minimum qualification for a directorship for two years, and on the assumption that at that time the directors of the new bank would be at a certain advantage when it came to building up larger holdings, investors began buying voting rights which would give them a seat on the Board.

In response to this the Government announced that it would increase its participation to 51 per cent., and, in order to facilitate the purchase of shares by poor Kuwaitis, ordered that the established banks should lend citizens all the money they required for this purpose with the share certificates themselves to be used as colateral.

The latest development in the saga has been the emergence of a brisk forward market in Burgan shares.

The other event of the past 12 months which has highlighted the Government's desire to involve ordinary Kuwaitis in the local capital market and at the same time broaden the scope of financial activities within the State has been the issue last November by the recently established Industrial Bank of Kuwait of KD5m. of three year 6½ per cent. bearer bonds.

IBK did not actually need this money to finance its lending activities—the purpose of the issue was to initiate the development of a secondary bond market in Kuwait. This was done by arranging for the Central Bank to accept the bonds as a discountable liquid asset, and by issuing the bonds by public subscription—involving the establishment of a retail operation by the Kuwaiti banks and investment com[illegible]

IBK's success in [illegible] secondary market ca[illegible] from the fact that [illegible] months since the issu[illegible] over of IBK bonds in [illegible] has reached nearly K[illegible]

It is significant th[illegible] the key factors in the [illegible] the IBK issue was [illegible] liquidity—because th[illegible] market retains a v[illegible] term emphasis. Th[illegible] tenance of the 7 p[illegible] interest rate limit, [illegible] effect of this restrictio[illegible] coupled with an inter[illegible] paid by the Central B[illegible] per cent.) in preven[illegible] being any significant [illegible] in the rates paid fo[illegible] and short-term [illegible] meant first that [illegible] maturity of a dinar [illegible] in Kuwait is only [illegible] or three months [illegible] that what funds [illegible] available for [illegible] ment they w[illegible] foreign curre[illegible] into the Londo[illegible] advantage of [illegible] paid there.

Liquidity

The Kuwai[illegible] banks are forc[illegible] themselves tow[illegible] lending partly [illegible] nature of th[illegible] partly by the n[illegible] maintain a h[illegible] liquidity in thei[illegible] (amounting to [illegible] their total asse[illegible] they are always [illegible] an exchange loss, and partl[illegible] the restrictions i[illegible] by the Central Bank. T[illegible] lay down that 25 per cent [illegible] the banks' total [illegible] cluding matchin[illegible] must have matu[illegible] more than one mo[illegible] of this percentage [illegible] should be in di[illegible] means in effect th[illegible] be on deposit at 4[illegible] with the Central Bank) and [illegible] per cent. in foreign currenc[illegible]

It is often said however t[illegible] part of the banks' reluctance [illegible] provide long term finance, p[illegible] ticularly to the industrial sec[illegible] stems from the innat[illegible] vatism of most of their mana[illegible] ments and, to only a sligh[illegible] lesser extent, most of th[illegible] ectors. There is certain[illegible] truth in this claim—ind[illegible] feelings of the [illegible] than average) [illegible] of the Bank of Kuwait a[illegible] Middle East on this [illegible] have led them to cancel [illegible] management contract wit[illegible] British Bank of the Middle [illegible] and to invite Morgan Gua[illegible] to recruit a new manage[illegible] for them.

Michael F[illegible]

هكذا صدر الأصل

The oil industry is in a transitional stage, having acquired control last November over the bulk of its production. It is in the process of setting up a fully integrated hydrocarbons sector with all activities grouped under the umbrella of a holding company.

Oil takeover

AFTER MONTHS of shadow boxing, which at times came close to real confrontation, Kuwait last November finally acquired 100 per cent. ownership of the Kuwait Oil Company (KOC) and effective control over its oil industry. In so doing it became the first of the oil producers to achieve a negotiated takeover without resort to a service agreement with the oil companies. This move has paved the way for a proper nationalisation of the industry which the Government is now undertaking. As a result the industry is in a transitioned phase, shedding the vestiges of the old concession type dependence and acquiring a fully integrated hydrocarbons sector with all activity grouped under the umbrella of a holding company.

The agreement whereby the Government acquired the remaining 40 per cet. held by BP and Gulf in KOC has yet to be ratified by the National Assembly. But unlike the first occasion when the Government took the initial 60 per cent. in BP/Gulf, ratification by the National Assembly is taken for granted. The initial agreement had led to a long and acrimonious debate in the National Assembly with a group of deputies demanding 100 per cent. takeover. This time the Government has achieved everything it set out to do and is placed master in its own house.

Compensation

Under the terms of the agreement the Government agreed to pay the companies ...5m. compensation on the basis of net book value (against ...m. paid for the initial 60 per cent. in 1964). The Government acquisition of the remaining 40 per cent. stake was back-dated to March 1975. The companies for their part agreed to settle outstanding claims with the Government worth $92.1m. There were also separate agreements governing future liftings with provision for ...,000 b/d over the next five years, with a stipulation that Kuwaiti tankers be used.

Although the old relationship between BP and Gulf with KOC has ended, nevertheless the two companies will continue to provide various services. This is recognised in their being given an effective 15 cents per barrel discount off the official Government selling price on their crude purchases. However, one of the chief sticking points in the negotiations—credit terms—has seen the Kuwaitis establish an important principle. BP and Gulf held out for 90 days credit against the standard 60 days. But the Kuwaitis insisted that to accept this would run contrary to their whole autonomy in crude sales and in fact the companies ended up by accepting 60 days.

Although Kuwaitis now, after the event, play down the confrontation side of the takeover, there were times when an amicably negotiated settlement seemed remote. For instance when the talks were suspended in early November, the Kuwaitis seriously prepared themselves against the eventuality of the oil companies stopping their liftings. As it is both sides seem happy with the outcome and it has enabled a smooth transfer of control, avoiding the disruptions of not being able to utilise existing expatriate BP and Gulf staff in the operations.

The BP/Gulf relationship will remain in the form of some 140 expatriates. Of these BP staff are seconded and Gulf, the remainder, all BP, now directly employed by KOC. One might say that this is a disguised form of service contract—or rather that it is a service contract without its usual encumbrances. But probably there was no need for a service contract anyway since the KOC oil operation, which has been going since 1934, is the simplest to run in the Middle East. A more complex arrangement like that of the Iranian Consortium companies in Iran, was not suited to run the Kuwaiti fields, which are in a relatively confined area and do not have the need for the complex recovery programme.

The 100 per cent. takeover of KOC still of course leaves the question open of when the Government will acquire full control of the two small concessionaires in the former Kuwait-Saudi-Arabia Neutral Zone—Aminoil and the Arabian Oil Company of Japan. Production from these operations, which is shared with Saudi Arabia, is equivalent to 7 per cent. of Kuwait's total production. But any step to assume 100 per cent. control will have to be co-ordinated with Saudi Arabia. Within the next few weeks an announcement is expected in this respect.

In the meantime the Government is pressing ahead with plans to re-organise the structure of the industry. The Oil Minister, Mr. Abdul Muttaleb al-Kazemi, said in December just after the takeover: "I think that KNPC (the Kuwait National Petroleum Company) —or rather an expanded super-KNPC—will be the right hand of the Government for oil operations. Within this expanded KNPC there would be subsidiary divisions for the various activities; crude oil production; refining; petrochemicals; transport; and others as required." This in effect would restrict KOC to production activity.

Until now KNPC has been the owner and operator of a 125,000 b/d refinery at Shuaiba. It also owns the Kuwait Aviation Fuel Company (KAFCO) and is involved in a joint venture with the Yemeni-Kuwaiti Bunkering Company operating storage and export facilities near Aden. Last year, the Government in accordance with its policy of acquiring State control over the oil sector, bought out the 40 per cent private holding in KNPC for $235m. At the same time the company's Board was changed as the first step in boosting KNPC's management in preparation for being the Oil Ministry's "right arm."

The rise of KNPC as the basis for a national oil company has been at the expense of the short-lived Kuwait Oil, Gas and Energy Corporation (KOGEC). The Government conceived KOGEC at a time when the oil and finance were both still administered under the roof of one Ministry. KOGEC even had a capital (of $517m.) set aside and stationery printed. But the creation of two separate Ministries for Oil and Finance made it difficult for KOGEC to fulfil its prescribed functions. Also it is probably fair to say that the new Oil Minister, Mr. Kazemi, was anxious to establish his authority in the oil sector, formerly controlled by Mr. Abdel-Rahman al Attiqi, who retained the Finance portfolio.

The scrapping of KOGEC has meant that the structure of the industry does not have to be reformed and created round an entirely new company. It will have the solid base of KNPC to build on. But in a sense this was less important than the Kuwaiti desire to prevent duplication of scarce manpower resources which has been, and will continue to be, the guiding principle behind the new structure.

The new structure is emerging something like this. At the top of the pyramid will be the Supreme Oil Council, headed by the Crown Prince and Prime Minister, Sheikh Jabir al-Ahmad. This will be the highest policy body. Under this will be a supervisory co-ordinating committee for oil industries. These two bodies have already been formed, the latter last July. The eight-man committee will in effect be a technical advisory body to the Supreme Council, and, by implication, to the Cabinet, advising on the shape and direction of the industry.

Ownership

Under this will be KNPC which in turn will group the various sectors like marketing, petrochemicals, transportation etc., beneath it. The process of integrating these various operations will take some time, as long as 18 months according to some estimates, because the Government has yet to acquire full ownership of specific sectors. For instance last month the Government finally acquired full control of the petrochemicals sector by purchasing the remaining private shares in Petrochemical Industries Company (PIC). On the other hand it has yet to acquire the 49 per cent. private shareholding in the Kuwait Oil Tanker Company.

Production policy over the past three years has been determined by three factors—a 3m. b/d ceiling imposed by the National Assembly in 1972, the 15 per cent. cut instituted by OPEC in 1973 and latterly slack market conditions. These particular poor market conditions have seen production shrink even more than in 1974 below the generally accepted level of 2m. b/d. For instance KOC production dropped 18 per cent. in 1974 and then by a further 19.2 per cent. last year. KOC production averaged out in 1975 at 1.83m. b/d against 2.27m. b/d. Put in another way cumulative KOC production was under 100m. tons compared to a high 151m. tons in 1972.

In fact Kuwaiti production and liftings for the year were lower than anticipated. KOC's heavy crude (31 degree API), which has a 2.5 per cent. sulphur content, has not been in high demand due to the fall off in fuel oil purchasers by the consumers. To stay competitive Kuwait found itself obliged not to implement the full 10 per cent. OPEC hike agreed last September. Instead it operated the formula of price differentials along with Saudi Arabia which give discounts for gravity and sulphur content. Thus 31 degree API crude was priced at $11.30 per barrel, a 15 per cent. discount. Although this brought Kuwaiti crude more into line with other Gulf crudes it did not prevent Exxon, with government agreement, from temporarily suspending in the last quarter its 100,000 b/d liftings. Exxon claimed that the 21 per cent. difference between Kuwaiti crude and Arabian light "marker" crude ($11.30 per barrel against $11.51) was insufficient. Shell also scaled down its liftings from a scheduled 400,000 b/d to 310,000 b/d. At the same time Kuwait and Iraq indulged in a bitter exchange of price cutting accusations.

Outlets

Although the terms of the final agreement with BP/Gulf were precisely what Kuwait negotiated for, a gap has nevertheless been created in liftings and new sales outlets will need to be found. Prior to the takeover BP/Gulf had been lifting annually an average of 1.8m. b/d. In future Gulf will take 500,000 b/d and BP 450,000 b/d per annum over the next five years, with the possibility of renewal for a further five-year period with a minimum of 800,000 b/d between the two. The Kuwaitis do not seem unduly perturbed by this 37 per cent. drop. Their sales contracts at present cover roughly liftings of 2m. b/d (BP/Gulf included). The major contracts are Shell (310,000 b/d), KNPC, Arabian Oil and Aminoil (some 500,000 b/d bought for refining), Exxon (100,000 b/d) and Petrobras (85,000 b/d). Other clients are PNOC of the Philippines, the Chinese Petroleum Corporation of Taiwan, the Italian group, SIR, and Romania.

Kuwait is not really interested in conducted *ad hoc* sales to small or unknown clients. What it wants is to be able to have a series of long-term contracts with major companies which in turn provide for stable long-term planning.

Kuwait can, if need be, support lower production and lower liftings. It is worth recording in this respect a comment made by the Oil Minister in the autumn when there was the prospect of a confrontation with the oil companies. "We could go for two weeks at zero production with normal gas deliveries. Then—by substituting gas oils in the power stations and using certain gas wells not dependent upon oil production—we could carry on for three months without exporting any oil. At an export level of 250,000 b/d we could carry on indefinitely at an acceptable minimum efficiency without serious problems. At a level of 500,000 b/d everything would be absolutely OK. And, of course, from the economic and financial standpoint we could last for two years without any oil production at all." This gives some idea of the solidarity of Kuwait's position—in an emergency. But the Kuwaitis now do not wish to think in these terms.

First, there are strong strategic arguments for trying to raise production in the near future—even though the National Assembly has debated a move to lower production ceilings to 1.5m. b/d. As Mr. Kazzemi has stated Kuwait should consider boosting production in order to keep its markets and to maintain its place as a producer. Current production is almost 45 per cent. of real capacity and even on 2m. b/d. the life of the existing fields would be at least 70 years. So conservation is not too pressing a consideration. Secondly, Kuwait's oil policy-makers have to consider the impact on production of plans to utilise huge quantities of associated gas for LPG. A project is now under way which requires oil production of 3m. b/d by the early-1980s to provide the necessary associated gas.

In fact, future production policy depends very much on the extent to which Kuwait can find non-associated gas or further oil deposits with associated gas. The Neutral Zone offshore is known to have considerable quantities of non-associated gas (the Dorra field). But development depends on agreement being reached with Saudi Arabia on the delineation of offshore boundaries. This then is the only real obstacle on the horizon.

Robert Graham

OIL STATISTICS FOR 1974-1975

		1974	1975	% increase/ decrease over 1974
Crude Oil Production	barrels	830,579,951	670,918,163	−19.22
	b/d	2,275,562	1,838,132	−19.22
Crude Oil Processed	barrels	47,642,070	28,547,466	−39.85
	b/d	130,033	78,212	−39.85
Exports Crude Oil	barrels	736,128,642	594,203,295	−19.28
	b/d	2,016,791	1,627,954	−19.28
Refined Products	barrels	40,472,807	21,711,536	−46.35
	b/d	110.884	59,484	−46.35
LPG Products	barrels	20,523,306	17,251,833	−15.94
	b/d	56,228	47,265	−15.94
Total Exports and Local Deliveries	barrels	846,644,744	686,469,738	−18.92
	b/d	2,319,575	1,880,739	−18.92

In contrast to the explosive growth of imports in progress or anticipated in neighbouring countries, Kuwait's purchases abroad are unlikely to exceed their present measured growth. This does not mean, however, that this wealthy market will lose any of its importance.

Foreign trade

OF ALL the oil producers Kuwait probably has the most restricted capacity for absorbing goods at an appreciably higher rate than in the past. The State has long enjoyed the good things of life and—even if a significant proportion of the population has not had its fair share of the wealth—no very marked increase in consumption can be expected. At the same time the State, unlike Saudi Arabia and the United Arab Emirates, has long enjoyed an adequate basic infrastructure and public services. In the future Kuwait cannot be expected to show the same insatiable appetite for imports as, say, Saudi Arabia, Iran or Iraq.

However, although the desirable limits to economic diversification are being increasingly recognised, a number of industrial projects will be launched—not the least the petrochemical complex which is now in hand. Many of those undertaken by the private sector are and will be concerned with building materials, a preoccupation that indicates where the real prizes lie. Kuwait is about to embark on a massive construction programme particularly for housing and better public amenities, and the big earnings will be in contracting rather than bread-and-butter trade.

As it is, Kuwait's own statistics suggest that the State's imports have risen at a rate very much slower than those of the other oil producers. An increase of 46 per cent. from 310m. Kuwait dinars—in c.i.f. terms—to KD455m. ($1.54bn.) was much less than the 70-75 per cent. estimated for OPEC as a whole. Official calculations were that nearly 60 per cent. of that expansion in money terms was accounted for by inflation and that real growth was only 15 per cent. For the January-June period of 1975 imports were put at KD315m., up 54 per cent. on the same period of 1974.

Statistics of the Organisation for Economic Co-operation and Development whose members account for about three-quarters of Kuwait's purchases, suggest a much higher rate (see table). They are in f.o.b. terms and, unlike the State's figures, they include military supplies and ships which are not covered in the national accounts. Meanwhile, most close observers do not believe that the market has been anything like as static as the Kuwaiti figures and calculations about inflation would indicate.

Frenetic

Nevertheless, there has been none of the frenetic importing activity that has been experienced elsewhere in the Gulf, or the same acute port congestion. Having made this qualification, one need hardly emphasise that Kuwait is a very rich, if circumscribed market, with per capita imports estimated for 1974-75 at over $1,650 for each inhabitant of the State.

It is a State which boasts the highest number of cars per head of population—one for each 3.5 people. In 1974 no less than 50 per cent. of imports were consumer goods, the highest level for a decade, although the proportion never fell below 40 per cent. in this period. Intermediate goods, including building materials, accounted for 38.4 per cent. and capital goods for 10.2 per cent. in 1974.

With virtually no agricultural production in Kuwait itself, the total bill for foodstuffs in 1974 amounted to KD78.6m., or 17.3 per cent. of the total — but worth noting that KD19.2m. of that was to supply the State's own domestic industry in raw or processed form. Together, however, motor cars valued at KD33.4m. and durable consumer goods costing KD44.3m. amounted to almost as much. Other major items were textile yarn, fabrics and related products at KD29.8m. and clothes at KD22.7m.

As for the capital side, KD42.4m. was spent on machinery and other equipment and another KD10m. on spare parts and accessories. Transport equipment for industrial use — which would include the oil and construction sectors—was valued at KD28.2m. Excluding these categories and the requirements of the domestic manufacture of foodstuffs, industrial supplies added another KD116m. to the total import bill.

Japan joined the U.S. as the State's leading supplier having taken first place from it as far back as 1972 although last year it had to withstand a strong counter-attack. In the shop windows of Fahd al Salem Street there is abundant evidence of Japanese predominance in the field of electronic goods and appliances. Hondas, Toyotas, and Datsuns have largely taken over the cheaper end of the car market putting Japan into second place behind the U.S. and ahead of West Germany.

The main U.S. exports are vehicles — together with spare parts and accessories — cigarettes and air-conditioners. It has traditionally been the leading supplier of oil field equipment and looks set to obtain the lion's share of the plant for Kuwait's new petrochemical industry. That goes for the programme for strengthening the Kuwaiti armed forces also.

U.S. officials say that the surge in sales, which totalled some $350m. in 1975, was largely the result of an "astounding increase" in automobile imports and also rising demand for American foodstuffs including, for the first time, rice. The figures would also have reflected deliveries of military equipment which will be a much bigger factor in the coming years.

Fallen

Britain's share of the market has gradually fallen—from 11.5 per cent. in 1971 to 8.1 per cent. in 1974, according to the Kuwaiti statistics. Certainly, any commercial influence which it enjoyed as the protecting power up until independence has gone and sentiment cuts little ice with the shrewd Kuwaiti merchant community. Yet the comparative trade statistics show that Britain had a good year in 1975, recording an above average increase. Complaints about high prices and late deliveries can be heard here as frequently as anywhere in the Gulf.

U.K. exports to Kuwait are fairly broadly based with the main classification—about 40 per cent. of the total—being machinery and transport equipment. Textiles, clothes, tea, coffee, confectionery, perfumes and toiletries account for another 25 per cent. Predictably, the most glaring shortcoming in the market is the absence of British vehicles. With British Leyland and Ford blacklisted, this is scarcely surprising. Kuwaiti interests are said to be very anxious to establish a Land Rover assembly plant to serve the whole region. As it is, Vauxhall, which is not boycotted, is unable to meet the demand which does exist for its Bedford trucks. Only Rolls-Royce visibly holds up the flag, but it can only allocate 20 or so cars to Kuwait annually.

'Just as Britain's performance was boosted in the latter half of the 1960s by the sale of military aircraft, the £100m.-plus order for Chieftain will reflect positively trade figures over the ne[xt] years. However, the U.[K.] times to be conspic[uously] absent from the lists [of con]tractors undertaking p[...] where they were once [domi]nant. In the face of s[...] tract terms imposed 15 years ago they withdrew [to con]centrate on easier opport[unities] elsewhere in the Gulf.

Currently regulation[s are] being revised and the Government is beginn[ing to] write escalation clause[s into] contracts. The tendency [...] the Government not nece[ssarily] to choose the lowest bid are encouraged—but not [...]—to by law. Correspo[ndingly] there is a desire to comp[...] financial and cultural [...] between Kuwait and th[...] with more British invol[vement] in public works and housi[ng pro]jects that are going t[o make] Kuwait look like one vas[t build]ing site over the comin[g ...] Whatever the response [to the] challenge, the billions of [...] which are going to be s[pent on] development over the n[ext ...] years represent a ve[ry ...] potential for inter[national] business.

Richard [...]

	1973	1974	% change over 1973	1[975] (Jan.[-May]*)
Japan	166.89	279.12	67	[illegible]
U.S.	119.28	208.56	74	[illegible]
West Germany	70.22	159.96	127	[illegible]
U.K.	88.08	140.04	69	[illegible]
Italy	39.12	65.52	67	[illegible]
France	45.48	63.96	40	[illegible]
Netherlands	24.24	37.08	53	[illegible]
Australia	21.00	35.88	70	[illegible]
Switzerland	16.32	26.76	64	[illegible]
Spain	6.6	25.08	280	[illegible]
Belgium and Luxembourg	17.52	28.44	62	[illegible]
OECD Total	648.00	1,142.4	76	[illegible]

LEADING SUPPLIERS (millions of dollars f.o.b.)

* January-May.

Source: Organisation for Economic Co-operation and De[velop]ment.

In the light of the country's ambitious plans, shipping is another field where the Kuwaiti presence will be increasingly felt.

Shipping

OF ALL the opportunities which oil riches have so dramatically opened up for Kuwait, the chance to reclaim the mantle of a leading Arab maritime nation is one which appears to be the most attractive to Kuwaitis. Now the possessor of two major national shipping companies as well as housing headquarters of a Pan-Arab tanker concern, Kuwait is bubbling with discussion on various plans which point to a formidable expansion of shipping operations. Events this year are likely to be dominated by the creation of the United Arab Shipping Company, based on the highly successful Kuwait Shipping Company, and by a move into ship ownership by the Kuwait National Petroleum Company (KNPC).

To some extent these two developments illustrate an apparent tension between Kuwait's desire on the one hand to initiate pan-Arab projects and on the other to insure against political inertia and inter-Arab divisions by creating strong national shipping concerns whose first purpose will be to satisfy national needs but which could always be thrown into an Arab shipping pool if the right political and economic circumstances arose.

This is to be the Kuwait Shipping Company's (KSC) role in August following agreement with five other Arabian Gulf states to set up the United Arab Shipping Company (UASC). When it begins operations in August this company will be to all intents and purposes the KSC. Of the other five participants, only Iraq will immediately be contributing ships to the new company so that its fleet will be primarily made up of the 47 ships KSC has at sea or on order. Management of the new company will be provided by KSC's existing management who will draw financial resources from the KD180m. capital value which the owner States will pay up immediately. Total capital value will be KD500m.

With a carrying capacity approaching 1m. d.w.t. and ambitions to double this volume within the next ten years, UASC looks set to lay claim to the world's largest dry cargo fleet and to dominate the carriage of imported goods into the Gulf. Despite the optimistic projections of KSC's managing director, Mr. Nouri Mussaed al-Saleh, who made the 2m. d.w.t. in ten years forecast for the UASC fleet at the Financial Times conference in Kuwait on Arab Trade and Shipping last week, there are clearly some anxieties within KSC about the company's change of ownership.

These worries stem mainly from the prospect of [...] for six governments in[stead of] one. Since its creation KSC's operations hav[e been] largely free from unpre[dictable] political direction a[nd its] managers believe that t[he com]pany's impressive grow[th can] only continue on thi[s basis.] However, Kuwait will ha[ve only] a one-sixth holding in [the new] company and it remai[ns to be] seen how successful it [will be] in defending its su[ccess since] creation from any fund[amental] changes.

But KSC's progre[ss has un]doubtedly made the cre[ation of] UASC all the more a[ttractive] to its other shareh[olders:] Qatar, Bahrain, Saudi [Arabia,] Iraq, and the Unite[d Arab] Emirates. Although KS[C's 1975] figures have not yet be[en pub]lished, they are expect[ed to be] even better than 1974 [which] was itself a record ye[ar with] profits reaching K[...] three times higher than [...] Accumulated reserves [rose] from KD8.9m. to KD21[...]

Sparking this growth [was the] phenomenal increase [in im]ports into the Gulf area. These continued throu[gh ...] with the result that [...] to supplement its 26 [ships at] sea by chartering u[...] others. By the end of n[...] KSC-UASC will have its fleet fully operational [...] need to digest such [...] growth may well impose [...] on further expansion.

GUY

There are no plans [at the] moment to add new se[rvices to] KSC's four existing op[erations] which have yielded su[bstantial] traffic increases over [the last] two years. Sailings to [and] from Britain and [...] Europe were increased to 30 a year in 1974, w[hile the] Far East service yielde[d an] increase in profits l[...] when sailings were i[ncreased] from 19 to 24. Sailin[gs to] the U.S. were also i[ncreased] from 12 to 18 to co[pe with] higher imports into t[he Gulf] stemming partly from [the de]valuation of the dollar. [A] fourth service, to Red S[ea ...] has been slow to deve[lop but] it is hoped that the reop[ening of] the Suez Canal will b[oost] trade.

Well established throu[gh KSC] as a dry cargo operator [Kuwait] will move this year i[nto ship]ping refined petroleum under plans now being [...] by the State-owned [...] KNPC's aim is to carry [...] cent. of its petroleum [...] exports in its own fleet [...] eight ships will be acqu[ired dur]ing the next 12 mont[hs, a] project which is bein[g super]vised by an ex-Cunard [...] Mr. Robert Greig, who [has been] KNPC's marine projec[ts mana]ger since last Septemb[er.]

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هكذا صنع الأمل

Having enjoyed surplus revenues since the early 1950s, Kuwait was well equipped to deal with the massive increase in oil incomes since 1973. Overseas investment is highly diversified, through equity portfolios managed by international banks, bonds and property.

State investment

OF ALL the Arabian Peninsula oil States Kuwait was the best prepared for the vast increase in surplus revenues which followed the price rises of late 1973.

The first Kuwaiti surplus had appeared in 1952 and 1953 (at which time the State was still paid its revenues one year in arrears) when, under the impact of the production increase occasioned by the Mossadeq crisis in Iran and the introduction of the 50-50 profit split, revenues jumped in two years from \$18m. to \$168m.

In response to this development the Government opened its first dollar portfolio of equities and convertibles with First National City Bank in New York in 1952, and, in the same year, established the Kuwait Investment Board, composed of five English bankers headed by the director of the Middle East department at the Bank of England.

The next 20 years saw the beginning of property buying, with a few purchases made direct by the Finance Ministry and the opening in 1964 of a property portfolio with Chase Manhattan, and an expansion of the number of equity portfolios to a total of eight in 1973. These were managed by: First National City, Chase Manhattan, Deutsche Bank, Dresdner Bank (which arranged Kuwait's purchase of a 14 per cent. stake in Daimler Benz of Switzerland), Swiss Bank Corporation, and the Kuwait Investment Office (KIO) — the successor to the KIB and the Finance Ministry's representative in the City of London.

With this diversified pattern of long term foreign investment already established, the recent increase in surplus revenues has necessitated little fundamental change in Kuwait's investment strategy — even though the foreign and domestic reserve assets handled by the Finance Ministry have jumped from rather over \$3bn. at the end of 1973 to \$12bn. at the end of last year.

This \$12bn. total includes not only the Finance Ministry's holdings of equities, bonds and property, but also: subscriptions and loans to the World Bank and the IMF, World Bank Dinar Bonds, bilateral loans to Arab countries (Kuwait has not made any direct government-to-government loans to non-Arab countries), capital contributions to multilateral oil producer sponsored development banks, recycling funds and investment companies, such as the Arab Fund for Economic and Social Development, the Arab African Oil Assistance Fund and the Arab Investment Company, loans to and shareholdings in Kuwaiti public companies, the capital of various Government corporations such as Kuwait Airways and the Kuwait Funds for Arab Economic Development (which has an authorised capital of KD1bn. and is now permitted to extend project aid to non-Arab developing countries), and cash awaiting expenditure in the budget or allocation to gifts or long term investments or loans.

FOREIGN ASSETS OF THE GOVERNMENT AND COMMERCIAL BANKS (KDm.)

Description	March 1974	March 1975	Change %
1—Ministry of Finance	1,004.70	1,857.76	+ 84.91
2—Central Bank of Kuwait			
Gold	36.00	43.86	+ 20.49
IMF subscription*	7.00	131.20	+1,774.29
Foreign assets	150.80	304.20	+ 101.72
3—Commercial Banks			
Assets	481.60	501.80	+ 4.19
Liabilities	91.90	135.44	+ 47.28
Net foreign assets of commercial banks	389.72	366.36	— 5.99
4—Net foreign assets of the Government and commercial banks	1,588.62	2,703.38	— 70.17

*This figure includes Kuwait Gold Tranche Position, Kuwait Participation in the IMF oil facility and net use of KD subscription.

GOVERNMENT INVESTMENT INCOME FROM FOREIGN ASSETS (KDm.)

Description	1972-73	1973-74	1974-75
Ministry of Finance	50.86	65.06	124.50
Central Bank of Kuwait	3.51	9.65	28.54
Kuwait Fund for Arab Economic Development	5.94	8.48	16.65

In addition to the cash managed by the Finance Ministry (which used to be kept almost entirely in sterling, but, since the method of payment of revenues was changed, is now held mainly in dollars) there are substantial liquid reserves, amounting to \$983m. at the end of last year, held by the Central Bank. Officially the Kuwaitis talk of these funds as being backing for the currency, but in effect the Central Bank's assets make up the pool of liquidity which is used to pay for imports.

Of all the different elements in the Finance Ministry's and Central Bank's assets it is the long term strictly commercial foreign currency investments held by the Finance Ministry that are considered to be the core of "the reserve"—the block of funds that the Ministry's Director of Investments described recently as being maintained to: "guarantee a reasonable inheritance to the coming generations who will see the continuing depletion of our oil resources."

These long term foreign investments, and the (fairly minor) policy changes affecting their deployment over the past two years, are best described under three headings:

(1) Equities: In addition to the eight portfolios run in 1973 the Ministry of Finance now has portfolios in France, Belgium, the Netherlands and Japan run by two or three of the biggest banks (and in Japan's case the biggest securities companies) in each country.

A large part of the equities in all portfolios are acquired not on the market, where a buying programme for any one stock on the scale likely to be mounted by Kuwait would be liable to push up the price, but by direct negotiation with the seller.

In the past twelve months particularly, the Finance Ministry has received a stream of offers from Western companies trying to raise Kuwaiti money to alleviate their financial difficulties. These offers have been referred to the portfolio managers or the KIO for appraisal, and on occasions they have been taken up. It is assumed that through this and other methods the ministry has built up stakes of ten per cent. or more in British companies, which it has declared to the Bank of England and the Treasury — though the British authorities have not made this information public.

2—Bonds: The high rates of interest paid on some of the new Eurobond issues in 1975 encouraged the Finance Ministry to embark on a big expansion of its bond holdings, buying, wherever possible, through the Kuwait Investment Company, the Kuwait Foreign Trading Contracting and Investment Company (KFTCIC) and the Kuwait International Investment Company. In the past month or so the Ministry has been liquidating some of its holdings to realise the capital appreciation.

3—Property: It is Kuwaiti policy on property investment that has undergone the biggest changes in the past two years, with the ministry embarking on a major expansion of its previously rather small holdings through direct purchases, such as those involving the St. Martins Property Corporation and the Tour Manhattan, through participation in the activities of American real estate companies, and through opening new U.S. property portfolios with Bank of America and Morgan Guaranty. The Bank of America portfolio has a West Coast orientation to complement the East Coast orientation of the now well-established Chase Manhattan portfolio.

The biggest expansion of all, however, has occurred within the Arab world, with the Ministry of Finance earmarking \$400m. for investment in Egypt (virtually none of which has yet been spent), over \$200m. for Syria and an unspecified amount for Jordan — where the Ministry is as yet unsure of the size of the investment opportunities that will emerge. This money which is going into housing projects, tourist schemes and office buildings, is being channeled via the Real Estate Investment Consortium, set up by KIIC and the four Kuwaiti real estate companies acting under Government sponsorship in November 1974.

Other Government funds are being invested through the Kuwait Hotels Company, a public company with a 49 per cent. Government shareholding, which already has a stake in a recently completed Hilton Hotel in Khartoum, and is at present involved in hotel building projects in Egypt, Tunisia, Morocco and Pakistan — where one of its partners is KFTCIC.

Michael Field

Shipping

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About KD90m. has been set aside for ship purchasing this year but KNPC insists that its fleet development will be cautious and commercially based. "We want to be slow and sure and we shall not buy a ship unless we know it will be moved," KNPC's deputy managing director Mr. Khalaf Ahmed al Khalaf told me.

At the moment KNPC has 18 products carriers on charter ranging from 20,000 d.w.t. up to 85,000 dwt. Acquisition and operation of the KNPC-owned ships will be phased in with the expiry of some of these charters and at the moment Greig is putting the finishing touches to a study identifying KNPC's precise shipping needs. The company may well decide against new building of all of its first batch of eight carriers if it can pick up handily priced vessels in the second-hand market which are not more than three years old.

Initially, the fleet is likely to be put under a ship management company while KNPC undertakes the training of Kuwaiti nationals for shipboard and shore management. However, the company is not ruling out the possibility of leaving any second-hand purchases to be operated by their existing owners if the seller has a good record and reputation.

Both KSC and KNPC are State-controlled enterprises and with the expansionary thrust on shipping clearly coming from the Government the privately-owned Kuwait Oil Tanker Company appears both increasingly anomalous and vulnerable.

Although its intentions have not been officially revealed, the Kuwait Government is believed to be ready to take over the tanker company so as to bring all the main strands of Kuwaiti shipping under its control. The company has six tankers and seven on order, and by 1978 will have one of the largest oil-carrying fleets in the Middle East.

Thus it would seem that Kuwait is going to be the mainspring of future shipping developments in the Gulf. The Kuwaitis would like to use their maritime strength as a catalyst for a number of joint projects which will take a stage further the "Arabisation" of all major shipping activities in the area. Shortage of trained manpower and management expertise will be an important constraint on this aim for a number of years but all the signs are that Kuwait is the pulse which will determine the rate of shipping expansion in the Gulf for the next two or three decades.

John Wyles
Shipping Correspondent

Development of gas resources and the expansion of the petrochemicals industry will absorb £3bn. over the next five years. It will probably be the biggest single area of domestic expenditure.

Petrochemicals

PETROCHEMICALS HAVE long established themselves as the principal means whereby Kuwait gains maximum added value from its hydrocarbons resources. Soon utilisation of gas in the form of a huge liquefied petroleum gas (LPG) project, which in turn will provide feedstock for further development of the petrochemicals industry, will strengthen the firm base that already exists.

This is the Government's chosen area of heavy, capital intensive industry and its importance is on the increase—both in terms of absorbing substantial investments and in generating non-oil exports. Over the next five years development of gas resources and expansion of the petrochemicals industry will absorb over $3bn. This will probably be the biggest single area of domestic expenditure.

All existing operations in this sector are now under direct state control in accordance with the Government's declared aim of exercising autonomy over activity in the petroleum and petroleum-related fields. This process was completed last month when the Government announced it would acquire the remaining 5.6 per cent. of shares of PIC (Petrochemical Industries Company) still held in private hands. When PIC was first established in 1963 the Government stake was 80 per cent. but since then it progressively increased to 94.4 per cent.

Just as the Government has progressively taken over control of PIC, so the latter has taken over all other companies operating in this sector. PIC started off with its own liquid ammonia and urea plants plus a 60 per cent. stake in the Kuwait Chemical Fertiliser Company (KCFC), that produced ammonia, ammonia sulphate, sulphuric acid and urea. In 1973 it bought out KCFC's other shareholders—Gulf and BP. Then a year later it acquired from the Ministry of Electricity and Water a small salt and chlorine plant.

Separate

With the structure of the industry thus rationalised and re-organised all within PIC, PIC is now able to press ahead with expansion plans. These are divided into two separate but related areas. On the one hand there is a project to "gather in" the flared gas from the oil fields to produce propane, butane and natural gasoline. On the other is a plan to strengthen the base of the petrochemicals industry by establishing an olefins complex and an aromatics complex.

At present Kuwait has the highest gas utilisation of any Middle East oil producer—in the order of 60 per cent. However, the aim of the Kuwait Gas Utilisation Project (KGUP) is to gather in a sizeable portion of the remaining unused 40 per cent. This project is likely to cost in the region of $1bn. with Bechtel, the overall consultants and managers. Kellogg International is responsible for the actual plant which will consist of three LPG trains each with a capacity of 560m. cubic feet per day. Eventual capacity will be 5m. tons per annum of butane, propane and natural gasoline with completion intended for 1978.

CHEMICAL FERTILISER EXPORTS

	1973-74		1974-75	
	Tons (thousand)	KDm.	Tons (thousand)	KDm.
Urea	477.9	17.4	524.6	35.1
Liquid ammonia	119.5	3.0	153.1	13.1
Ammonium sulphate	129.9	2.9	95.1	3.7
Total	727.3	23.3	772.8	51.9
Ratio to total exports	69.0	69.1	79.7	78.4

Source: Central Bank.

The LPG products will be exported in four LPG tankers already on order from le Ciotat (the French shipyard in which Kuwait has a stake). So far, no clients have been lined up. However, Kuwait already has existing clients, mainly in Japan and the U.S., purchasing output from a small plant producing 50,000 b/d of propane and butane. The plant, and related facilities, will be in the Shuaiba Industrial area—the site for Kuwait's main oil based industries—which is being enlarged to accommodate it.

There has been some concern that the potential capacity of the LPG plant might be affected by further falls in oil production, or indeed that the present level of around 2m. b/d is sufficient to provide the necessary associated gas. For the moment this question is being brushed aside, even though it is a potentially important one. Industry sources point out that the LPG plant will have three separate liquefaction trains which would thus permit reduced operation, if necessary.

Preliminary estimates were that, if fully operational, the LPG project would push oil production up to 3m. b/d to cover total gas needs.

The ethane-rich gas made available from the LPG plant will in turn be used as a feedstock for an olefins complex. Feasibility studies have nearly been completed on a plant that will produce ethylene from this ethane gas—ethylene being an essential basic material for the production of other intermediate products indispensable for plastics. This project is likely to cost $500m. and hopefully it would be complete within five years.

Feasibility studies are also in progress for an aromatics complex to produce xylene and benzene (for plastics and synthetic fibres). This would rely on 37,000 b/d of naphtha from existing refineries as feedstock. The studies are done on the basis being on an eventual capacity of 300,000 tons, with total cost around $250m. To carry out these two projects the Government has agreed to the principle of PIC accepting a foreign partner. In the case of the aromatics complex the foreign partner has been chosen, W. R. Grace, on an 80/20 basis. The partner in the olefins venture has apparently been selected but not announced.

The effect of these projects will not really be felt for another five years. In the meantime the petrochemicals base really centres round chemical fertilisers. The largest concern is the old KCFC operation, employing some 80 per cent. of total PIC staff. The KCFC plant at Shuaiba has a capacity of 712,000 tons of ammonia, 644,000 tons of urea and 132,000 tons of sulphuric acid. Over the past two years production has averaged about 75 per cent. of capacity. PIC now has on hand a $10m. expansion programme to raise its own urea plant capacity from 550 tons per day to 950 to be completed by early next year.

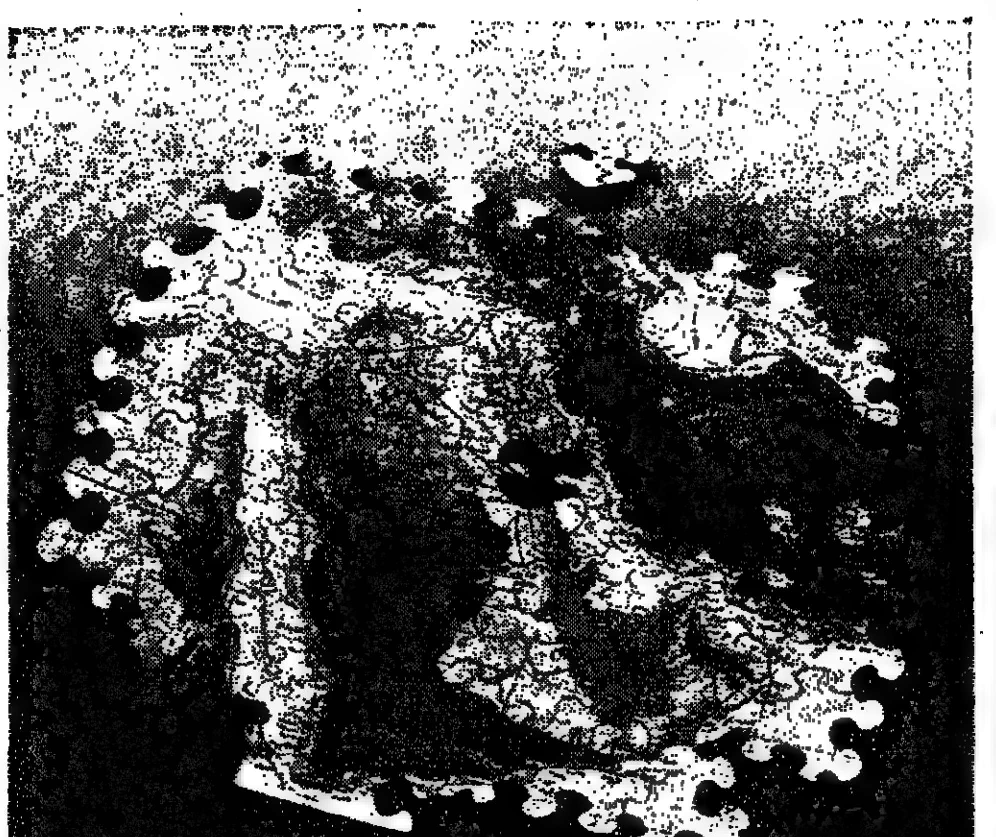
Dispute

In addition to these petrochemical ventures at home, Kuwait is involved in a joint company with Turkey, Mediterranean Fertiliser Industries. This has not been a particularly happy venture. Until last year the operation made a loss and both sides are still locked in a dispute (hopefully soon to be settled) which has meant that Kuwait has never supplied the necessary ammonia intended for the Turkish plant. Kuwait has also announced its intention of investing a 50 per cent share in a $1bn. petrochemical complex on Romania's Black Sea coast. But this project at present appears to be falling by the wayside. More recently, it was announced this month that Kuwait was proposing a giant petrochemical complex to be built jointly with Saudis either in Kuwait or Saudi Arabia.

Despite these schemes increasing complexity of industry at home will require more attention to be devoted there, to ensure that the proportion of non-oil exports increases. Petrochemicals, more particularly chemical fertilisers, are playing a significant role in non-oil exports. With the exception of 200,000 tons per annum sold to Sudan, PIC insists that sales are not at concessional rates either to India or China who take 150,000 tons and 200,000 tons respectively. The latter three contracts are on a three to five year renewable basis with China's up for renewal this year.

No figures for sales for last year are yet available but according to PIC there was little change on the previous year. PIC certainly feels in a stronger position than it did three years back when profits were only KD534,889. In 1974 they were KD24.4m. due to healthy market demand. Although the Kuwaitis recognise that the industry is likely to face difficulties due to fluctuations in the international market price, they feel that their financial strength will carry them through any lean years. They also know too that the industrialised countries, since the energy crisis, have not built any new plant in this sector. These two factors make them confident about the future.

Robert Graham



Kuwait has yet to make up its mind whether it really wants to widen its industrial base beyond the oil sector and there are worries that industrialisation would have few advantages and create many problems.

Industrialisation

TO MANY Kuwaitis, bolstered by the solidity of the State's enormous financial resources, there are few advantages and only problems created by industrialisation. The Government itself has avoided the drawing up of any plan for industry—except in the case of oil, gas and petrochemicals which have been given a clearly defined role. With few exceptions the industry which has begun to grow up outside the oil sector has been oriented towards import substitution.

Heavy industry has been explored as an option but either rejected or the proposals left on the shelf. With gas available in large quantities the possibility of both a steel and an aluminium industry have been considered since as far back as 1968. In the case of steel an ore reduction plant was rejected primarily because of the very substantial labour force required. Feasibility studies for an aluminium smelter showed that the project was viable but nothing has been done about this. Partly this was because the smelter would also have needed a lot of labour. At the same time there were doubts whether a smelter, which is highly energy intense, was the most viable of means of utilising gas resources.

The fate of these two projects is interesting because it underlines the problems faced by Kuwait in trying to industrialise. These problems can be placed under four main headings.

1. Manpower. Creating jobs means in most instances creating jobs for non-Kuwaitis. In industry it is not untypical to find only the Board of directors being Kuwaiti. The Kuwaitis have no difficulties in recruiting skilled and unskilled labour from the Arab world and the Indian sub continent. But they want to avoid this where possible. For it involves a further disturbance of the population imbalance and it will create difficulties in the future when the number of Kuwaitis looking for jobs will increase sharply.

2. Markets: The total population of 1m. is a very small market on which to base production. An entrepreneur can have no economy of scale aiming solely for a market of this size. Thus he is forced either to gamble on being able to penetrate other markets or restrict himself to a smaller plant which would be less profitable.

3. Power: The supply of associated gas which feeds power stations and industry is tied to oil production. For conservation, OPEC and general sales reasons oil production is being kept to a ceiling of around 2m. b/d. But by 1980 a new gas utilisation project with an LPG plant will require oil production of around 3m. b/d for total gas needs. The addition say of an aluminium smelter or an ore reduction plant would almost certainly not be feasible at that level of production.

4. Pollution: Industry is confined basically to a large trading estate in Kuwait City and a large industrial area at Shuaiba that houses all the major oil-based installations. The State is small and it is difficult to site industrial plant far from residential areas. Dependence upon desalinated water also means that plant is sited near the sea. These two factors increase the possibility of pollution.

Inhibiting

Another problem which until recently also acted as an inhibiting factor was the difficulty of obtaining medium and long term finance. It was not a question of a shortage of funds but one of financial institutions not being geared to this type of lending on the local market. This was the main reason behind the establishment of the Industrial Bank of Kuwait (IBK). The IBK, which completed its first year of operations in 1975, is 49 per cent. owned by the Government and 51 per cent. by local institutions.

In its first annual report the IBK neatly summarises the present picture: "It is characterised by the co-existence of a relatively large number of small and medium light industries, catering to the needs of a developing but limited market, and a few semi-public large scale industrial companies catering primarily to exports. According to the 1972 Industrial Survey, only 7.5 per cent. of the firms employed more than 100 persons. The industrial sector apart from oil production is very much concentrated on the final stages of manufacturing, and shows little vertical integration. There is little activity in the area of primary and intermediate goods."

High transport costs have, in particular, encouraged import substitution. This is the case with building and construction materials. Companies which have set up operations geared to export have usually been semi-public. A number of semi-public ventures are now exporting successfully especially asbestos products and metal pipes.

The largest single industrial enterprise is the semi-public Kuwait National Industries Company (KNIC) in which the Government has a 51 per cent. stake. KNIC controls plants that manufacture cement products, bricks, chemical detergents, asbestos and lead acid batteries. The latter factory has a capacity of 45,000 6-12 volt batteries a year and is exporting to Arab states in the Gulf. Affiliated to KNIC are three large concerns—Kuwait Metal Pipes Industries, Kuwait Cement, and Kuwait Prefabricated Buildings. All three of these companies are in the process of expanding their operations and will be playing an important role in future Government investment plans in the local economy. Kuwait Metal Pipes for instance will be supplying 560 kms of spirally welded pipes for the gas utilisation project. Kuwait Cement is currently expanding its Shuaiba plant's capacity from 300,000 tons to 1m. tons to cope with increased demand; while Kuwait Prefabricated Buildings is preparing for the Government's large new investments in housing. Kuwait Metal Pipes already exports over one-third of its production of 43,000 tons a year, including supplying Egypt's SUMED pipeline and orders to Yugoslavia, Syria and Saudi Arabia. Production capacity is being raised to 70,000 tons.

Kuwait's cautious approach to these industries has meant that the kind of bottlenecks evident in say Iran or Saudi Arabia has not been felt. Industry has been established on a relatively ordered basis with industrial estates and facilities of power, water and roads provided usually in advance. The largest of these estates is the Shuaiba Industrial Area 60 kms. south of Kuwait City and it houses the major industrial installations (mostly connected with the oil industry and petrochemicals). The existing areas are now becoming "crowded" and soon the Government will have to decide on new sites.

Framework

But first the Government will have to identify those industries which it wants to see in Kuwait. The IBK is the main instrument for this. For instance a study is now being done on the development of a building materials industry by the IBK. Nor will IBK's role be passive. Its charter empowers it to "initiate industrial projects and investments in the most promising sectors, within the framework of a long-term development strategy." So far the IBK has received 60 applications, of which 17 were approved for a total of 14.1m. dinars and seven rejected. A further 180,000 dinars has been committed in equity participation. The kind of projects in which IBK is now participating indicate the direction in which Kuwait industry is moving.

IBK has an equity participation in Arabian Light Metal, a venture between a local industrialist and Reynolds International to set up a 3,000-ton aluminium extrusion plant. The bank is helping to finance Gulf Marble, in a project to substitute marble slabs imported for cutting with blocks. IBK is helping with a project, Kuwait Kirby, which will manufacture pre-engineered steel buildings, structural members and p

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In political and economic terms the Kuwait Fund for Arab Economic Development has been an outstanding success. But with a decline likely in the State's surplus there could be a backlash against the high levels of aid.

Aid policy

AS BEFITS one of the State's most successful achievements, the Kuwait Fund for Arab Economic Development is now housed on one of the few public buildings of any architectural distinction—with a profligate use of space that only a very rich country could contemplate. Yet soon work will start on a far larger multi-storey building to house its expanding activities that were highlighted by the fivefold increase in its capital to 1bn. Kuwaiti dinars ($3.4bn.) and a doubling of its lending approvals over the past two years.

Founded in 1961, the KFAED should be seen without cynicism as being created largely out of the fear felt by the State—rich but small and weak—in the face of the threats which it faced at the time of full independence. As a vehicle for giving bilateral project aid, it is still geared to winning friends and influencing people. As it was, the increase in its capital and the extension of its activities outside the Arab world followed the 1973-74 escalation of oil prices. At this point, for the other oil producers aid became for the first time a major preoccupation because of the need to mitigate the effects of the higher cost of oil on the developing world. Perhaps not surprisingly Kuwait, as the OPEC member with long experience of the aid business, has now emerged as by far the biggest donor among them in terms of its population and per capita income.

The Kuwait Government has yet to issue figures concerning the State's aid donations—either in their totality or detail. It has, however, quoted calculations of the Organisation for Economic Development and Co-operation showing that actual disbursements in 1974 were more than 9 per cent. of GNP—a fairly meaningless statistic in itself in the absence of official estimate for GNP. More recently, however, the International Monetary Fund and the UN Conference on Trade and Development produced a breakdown of OPEC aid for the two and a-half years from the beginning of 1973 to the middle of 1975.

They show Kuwait's actual disbursements of $3.25bn. were only $270m. less than Saudi Arabia's. The State's transfers are more than twice those of Iran although the latter's commitments were 12 per cent. greater. Kuwait parted with nearly 60 per cent. of commitments made during this period which compared with a 41 per cent. achievement rate by Saudi Arabia and 23 per cent. by Iran. The calculations include lending to the International Monetary Fund's oil facility, as well as the World Bank. In this respect a striking aspect of the figures is the 78.3 per cent. which was extended bilaterally. What this set of statistics does not show is the high grant element in Kuwaiti aid.

AID DISBURSEMENTS AND COMMITMENTS*

(millions of dollars)

	1973	1974	1975 (Jan.-June)	1973-1975 (June)
Disbursements				
Bilateral	363.03	851.25	1,334.28	3,348.56
Multilateral	167.70	352.00	185.60	705.30
Total	530.73	1,203.25	1,519.88	3,253.86
Commitments				
Bilateral	477.58	1,056.81	2,546.89	4,081.28
Multilateral	187.70	942.00	243.00	1,372.70
Total	665.28	1,998.81	2,789.89	5,453.98

* Including lending to IMF's oil facility.
Source: IMF and UNCTAD.

Emphasis on bilateral aid—on concessionary terms—is in line with the old policy of winning friends and influencing people. Kuwait showed a certain diffidence about the IMF's oil facility but did eventually contribute $480m. in 1974-75 and a further $120m. for the year which ends in March. The Kuwait Ministry of Finance has subscribed to a volume of World Bank paper which forms part of the bond portfolio of the General Reserve, as well as sponsoring IBRD issues in Kuwaiti dinars worth the equivalent of some $450m., much of its subscribed by quasi-State agencies.

Approved

Early this year the National Assembly approved a $20m. contribution to the World Bank's "third window" facility as well as $10m. for the UN Emergency Assistance Fund. In the course of 1974 it gave $36m. to various UN agencies including the Relief and Works Agency for Palestinian Refugees. In addition, Kuwait has shares of KD30m. in the capital of the Arab Fund for Economic and Social Development, the equivalent of SDR100m. in the Islamic Development Bank and $20m. in the Arab Bank for Economic Development in Africa. It has also provided nearly $50m. for the special funds to assist African and non-producing countries to pay their oil bills.

Under bilateral aid, the biggest single amount disbursed would have been the $415m. drawn from the General Reserve last year to fulfil the commitment made by Kuwait at the Rabat summit conference in 1974 to Egypt ($170.2m.), Syria ($170.2m.) and Jordan ($51m.) with the balance going to the Palestine Liberation Organisation, the two Yemeni republics, Mauretania and Somaliland. This, in effect, replaced the old Khartoum obligation, but in addition Kuwait may have made other unpublicised subventions to Arab countries over the past year. During 1974, meanwhile, various agreements were made, among them a $29m. loan for Bangladesh and a KD25m. loan for Brazil.

On the multilateral side, most dramatic and politically important was the decision not long after the 1973 price escalation to increase the authorised capital of the KFAED and give assistance to projects in non-Arab developing countries. In the past two years the value of loans approved has leapt dramatically from KD140m. at the end of March 1973 to KD301m. this month. Another 40 or 50 are under discussion. In this period something like KD27m. was disbursed. With paid-up capital now KD350m. net assets must now be in excess of KD400m. and surplus revenue in the order of KD20m. to be added to the reserves, making the Fund a very significant financial force from this point of view alone.

KFAED's actual outgoings have played only a small part in the State's disbursement performance in the past years. Yet under the leadership of Mr. Abdelatif al Hamad, director-general, the fund has processed and approved no less than 33 loans bringing the total from 38 to 71 since 1973. For the foreseeable future the concentration will be on Africa and Asia, but there is no reason why the fund should not give assistance eventually in Latin American countries according to Mr. Nasser el Sayer, the deputy director-general.

Mr. al Sayer says that the greatly increased rate of loan approvals has been achieved by a redoubling of efforts rather than an increase in staff which since 1973 has only grown by 40 per cent. He is the first to admit that the task has been eased by collaboration with the World Bank on a number of projects including the Rahad scheme in Sudan. The KFAED joined forces with the AFESD, the Abu Dhabi Fund, Qatar and Libya in assisting with Egypt's Talkha fertiliser plant. For a Mauretanian project they have collaborated with the Abu Dhabi Fund and the Saudi Development Fund.

Largely at Kuwait's instigation there have been formal consultations with the other Arab funds which have largely been modelled on the KFAED. Its policy has always been to lend on the basis of a project's economic viability. It can claim that no country has ever defaulted on its repayment schedules or even tried to reschedule debts. Mr. al Sayer is confident that this record will continue to be so—although the political risks would on the face of it appear to have grown with the spread of operations.

Any recipient would think hard about defaulting given the cheapness of the Fund's project aid; however, no maximum interest rate is laid down in the KFAED's statutes, but it has ranged from 0.5 per cent. to 7 per cent. although it is normally in the 3-4 per cent. range. With repayment periods having been anything from 12 to 50 years the actual grant element on normal assumptions of inflation can be estimated to vary from 30 to 90 per cent. Mr. al Hamad pointed out recently that the average of the Fund at 4.3 per cent. was very much lower than the World Bank's which he put at 8.5 per cent.

Both in political and economic terms the KFAED can be considered as an outstanding success. The State's aid policy can still be seen as having its base in apprehension and nervousness. Yet, conversely, the giving instict has taken a genuine root in Kuwait's psyche. At the same time, one cannot ignore in this context the future benefits to other Arab countries of Kuwait private investment. It remains to be seen if and when, in the likely decline of the State's surplus, there is a political backlash against the high levels of aid donation.

Richard Johns

Industrialisation

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painted cladding panels in conjunction with the U.S. concern Kirby. The bank is also involved in a project to set up a paper-converting plant to process 3,000 tons of paper, on the basis of a one-shift operation, into stationery (for example, exercise books, writing pads, accounting books).

The bank estimates that over the next five years the share of industry in the GNP should increase from 3 per cent. (which includes refining) to 5 per cent. To achieve this something like 350m. dinars worth of investments will be required. But there is no guarantee that this kind of investment will be forthcoming. Much depends upon the progress of Kuwaiti efforts to persuade its fellow States in the Gulf to co-operate in forming a common market. Kuwait is setting great store by the creation of a common market because it believes that this is the only viable means of broadening the economic base of thinly populated States possessing a single resource, oil.

Dimension

If co-operation can be achieved Kuwaitis feel that an entirely new dimension will be added to the region, making greater industrialisation worth while. For instance it would mean pushing ahead with plans for a joint nuclear power station with Saudi Arabia and Bahrain and the creation of a common power grid. It would enable a new industrial area to be set up in the Neutral Zone with industries that would be assured of a market of say 8m. instead of 1m.

At the moment this kind of talk sounds a bit optimistic, there are enormous obstacles in the way of such a scheme but it would be a mistake not to take the Kuwaitis seriously. Take for example the proposal to merge Kuwait Airways with Gulf Air or a joint petrochemical industry with Saudi Arabia. The Kuwaitis are anxious to see these realised because they believe in the benefits of co-operation.

Robert Graham

The main problem for any Kuwait based commercial enterprise is the smallness of the domestic market. There are a limited number of export-orientated industries. Other companies have invested in operations abroad, particularly in Africa and the Lower Gulf.

Activity abroad

IF THERE is one obvious emphasis in Kuwait's industrial development — which is characterised chiefly by an ad hoc approach on the part of the planning authorities—it is in favour of export-orientated projects.

The Ministry of Commerce tends to favour industries with export potential when it is granting manufacturing licences. This reflects the Government's concern to diversify the economy in preparation for the day when oil no longer provides all of Kuwait's foreign exchange needs.

From the viewpoint of Kuwaiti industrialists and potential industrialists, who are confronted with a home market which despite its enormous affluence is small enough to be easily saturated with many types of capital and consumer goods, there is the argument that any new manufacturing enterprise wishing to take advantage of economies of scale should gear itself to export as well as domestic sales.

Set against this logic are the considerations that in most manufacturing industries all the raw materials or intermediate materials have to be imported and that labour in Kuwait is more expensive than it is in neighbouring countries.

To some extent these factors can be offset by the Government making available cheap supplies of gas and fuel oil—but the authorities are now questioning the wisdom of such artificially based industrial development.

They believe that if they are selective they will be able to find projects over the next few years that will be peculiarly suited to Kuwaiti conditions and will not need any State support over and above the assistance—not inconsiderable—provided by the Industrial Law of 1965. It is also apparent that, given the limits on the amount of gas available for industrialisation in Kuwait, at a low price Kuwait's supplies would very soon be fully committed.

Leaving aside the petrochemicals industry, it is therefore not surprising that only a handful of Kuwaiti industrial concerns have any export operations at all.

Of the private merchant establishments the Kharafi family exports kitchen furniture and portable houses, the Hassawis water coolers and refrigerators, the Shabans (one of the merchant families with the biggest wholly owned industrial investments) aerosols, and the Al Ghanims export furniture from their carpentry workshops in Shuwaikh.

Among the private companies (companies whose stock is owned by a number of individuals or families but is not traded in the market) Hempel Marine Paints, an associate of the Gulf International group of Sheikh Nasser, exports about half of its output to the Gulf States and Iraq. GTC, another company with a paint manufacturing division, exports some 30 per cent. of its paint output; the Al Nusf Plastic Company exports household utensils; two other companies export foam rubber.

Among the public companies the exporters are Kuwait Flour Mills, selling macaroni and biscuit; the National Industries Company and its subsidiary Kuwait Asbestos Industries, and, the most successful exporter of all, Kuwait Metal Pipes, which exports some three-quarters of its output—not only in the Gulf but also in the Sudan, Syria and Egypt. (The sale of pipe to the Sudan, for the purpose of building a pipeline between Port Sudan and Khartoum, was financed by a KD7m. loan arranged in 1973.)

Categories

Corporate investment outside Kuwait in recent years has been as limited as export activities. Almost the only major exceptions have been the banks, investment companies, shipping companies and the Kuwait National Petroleum Company, which fall into special categories of their own, and three companies whose history or circumstances have been so different from those of other Kuwaiti companies as to make them exceptions that prove the rule.

Leaving aside the exceptions mentioned earlier, the only Kuwaiti public companies with significant foreign investn are Kuwait Flour Mills, v owns 20 per cent. of Bal Flour Mills, Kuwait Insur which has branches in S Arabia, the Lower Gulf Lebanon, and the Kuwait Company (Americana) v has the franchise for Wi Bars and Col. Saur Kentucky Fried Chicken, owns or is building restau or take-away establishmen the UAE, Bahrain, Saudi A and Egypt.

The three companies in different circumstances they form exceptions v prove the rule are Ku Hotels, a public compan which the Government has per cent. stake, U Fisheries, owned 49 per cen the Government, 35 per cen the privately owned Gulf I national group and 16 per by the public, and Gulf I national itself, which is o by Sheikh Sabah al Ahmed Foreign Minister, his Sheikh Nasser, and Dr. K Osman Mahmoud, the Sud industrial tycoon.

Kuwait Hotel's foreign in ment operations have financed by the Governme the context of the property folio of the Ministry Finance's long-term reserv date the company, which the Hilton in Kuwait, has per cent. stake in a comp Hilton in Khartoum, a ho project, and a comm centre under constructio Casablanca, a small stake tourist project in Tunisia, shares in hotels under con tion in Agadir and Ca where it is building a se Hilton with 900 rooms bet Heliopolis and the airport.

As well as being a sour capital the Finance Minist very much the driving behind the implementatio these projects—being abl remove obstacles in their at international and s Government level. (The in ment companies have also l fitted from this sort Government backing in overseas investment.)

In the case of U Fisheries, which was forme a merger in 1972 of I national Fisheries, Nat Fisheries and Gulf Fish (owned by Sheikh Sa Sheikh Nasser and K Osman). The impetus be the companies' overseas pansion came initially the aggressive growth-orien business philosophy of Khalil, plus the fact that Sudanese citizenship prov an entree into his own cou Gulf Fisheries' original ove operations were further spu by the intense compet which developed between rival Kuwaiti fleets and trawlers of the other Gulf tries in the late 1960s.

At present there are Fisheries' fleets operating i Gulf, the Red Sea and Arabian Sea, and off the c of Nigeria, Senegal, Maurit the Malagasy Republic, Guinea and Australia. than 150 vessels are employ these operations, making Fisheries the biggest shrim company in the world.

Gulf International's hi and best known investm apart from its stake in Lo are in the Sudan where it the Sudan Textile Industry biggest business in the cou and has a stake in the Ke sugar project—which may mately become the biggest plantation in the world.

Michael F

Political cross-currents within the Middle East can make life difficult for those in charge of defence policies. This gives rise to some delicate manoeuvring.

Defence policy

RUMOURS BEGAN circulating in Kuwait a month ago that Iraqi forces had occupied a post on one of the islands disputed by Kuwait and Iraq. The rumour in fact was groundless, as was the previous scare three months back. Such reports surface periodically, fuelled by the memory of the incidents between the two countries in 1973. They are only significant in so far as they demonstrate the continued underlying concern in Kuwait over Iraq. This is the country which most preoccupies the Kuwaitis.

Their concern is understandable enough. Iraq after all did threaten Kuwait with invasion in the early sixties. Their two political systems are completely different, the socialism of the Baath Party being in stark opposition to Kuwait's laissez faire capitalism presided over by the ruling al Sabah family. Then in 1973 there were a series of clashes over the two disputed islands in Kuwaiti territory—Warbah and Bubiyan. The clashes in themselves were not very serious. The Iraqis attempted to set up their own police posts and plant their flag. But they were enough to revive Kuwaiti fears of Iraq's revanchism.

The kind of compromise now being talked of is that Kuwaiti sovereignty of the islands be accepted by Iraq in return for the latter being allowed to place navigational aides, etc., and an understanding on free access to Umm Qasr—but not by outside powers. Any agreement in this respect is itself dependent upon broader agreement being established on offshore boundaries between the two countries. No delineation of offshore territory has yet been done between Iraq and Kuwait. More important still is delineation of offshore territory between Iran and Iraq. The feeling is that Kuwait will wait first for Iran and Iraq to work out their part of offshore territory—potentially important for pollution control, navigational rights and hydrocarbon deposits. A joint Irano-Iraqi committee, set up after the March 1975 treaty of friendship between the two countries, is currently working on this. Therefore prospects for the solution of Kuwait's dispute with Iraq have improved with normalisation of relations between Iran and Iraq.

Nevertheless, Kuwait has embarked—directly as a result of the clashes with Iraq in 1973—on a major programme of upgrading its defence capability.

It has gone in for acquiring Skyhawk fighter bombers from the U.S. and Mirage F-1 (the most up-to-date version) from France to replace the existing force of British Lightnings and more aged Hunters. A new $200m. air base is being built for them. The armoured strength is also being boosted by the acquisition of 165 Chieftan tanks from Britain (worth $250m.). At the same time a new naval base in being built by Brian Colloquhoun and Partners, costing $300m., just north of the Neutral Zone. A military training college is also contemplated, and in the meantime over 1,000 Kuwaitis are abroad on military training courses, mostly in the U.S. and France.

Obliged

Kuwait has pledged to help finance the project for the establishment of an Arabs arms industry based in Egypt in collaboration with Saudi Arabia and Qatar. The Kuwaitis are sceptical of this project getting off the ground but their commitment illustrates the extent to which they feel obliged to support the Arab struggle against Israel. Kuwait of course can do this best in the form of cash grants such as the original Khartoum payments and subsequent handouts to the "frontline states," after the October War. But its voice as an opponent of Zionism and as a supporter of the Palestinian cause is strong and important—rigorously observing such things as the Arab Boycott Office. Indeed on these issues Kuwait has acquired a reputation as being "*plus royaliste que le roi.*"

The emotional aspects of this support apart, the Government has a strong element of enlightened self-interest in espousing the Palestinian cause. The very sizeable proportion of the poulation which is Palestinian means that the Government is inevitably sensitive on this issue and must always be in the forefront of championing Palestinian rights. This led for instance to the break with King Hussein in Jordan after the civil war in 1970. Kuwait suspended Jordan's share of the Khartoum payments, only restored in 1973.

Because of their innately vulnerable position, sandwiched between socialist Iraq, the oil giant Saudi Arabia and non-Arab Iran, the Kuwaitis have had added incentive to be on good terms with their neighbours—and to be friendly with all.

Although building a defence capability does provide a sort of insurance, the Kuwaitis believe that their real security lies in closer integration with the Arab states of the Gulf. To achieve this Kuwait first of all has to settle outstanding disputes with Saudi Arabia and convince the states of the Lower Gulf that its enormous financial power will not smother them. The latter fear is still deep rooted say in Bahrain, even though the ruling families are close and there are notable signs of increased co-operation (talks on establishing a common currency for instance).

Ironically with Saudi Arabia this situation is to some extent reversed. Although there are many common ties, Saudi Arabia dwarfs Kuwait. This is why Kuwait is very touchy over Saudi demands in trying to settle the Neutral Zone between the two countries. At present both sides are deadlocked over how the median line should be drawn offshore. Saudi Arabia is claiming two small islands called Umm al Maradim and Qaruh. They are so small that the cannot be located on most maps. However, establishing ownership is important because of deposits of gas which Kuwait is hoping to exploit. The Saudis are claiming that the Neutral Zone line should be in a slight curve (in accordance with the principle of the original onshore line — drawn with a compass in the British mission's residency with the residency as a base). The Kuwaitis maintain the division should be on the basis of a straight line.

Robert Graham

Housing: the real cuts have yet to come

BY COLIN JONES

ONE AREA of public expenditure which escaped comparatively lightly from the Government's cuts announced last week was housing. In the last three years public spending on housing soared by 60 per cent. in real terms. As a proportion of total public spending it has increased from less than 6 per cent. to almost 9 per cent. and as a proportion of the gross domestic product it has been more than doubled from 2½ per cent. to over 5 per cent.

Yet there is relatively little to show in the way of a bigger or better housing stock for this substantially increased outlay. Much of it has been absorbed by the rising burden of local authority debt, by increased land and building costs, by bigger subsidies to existing tenants, by increased local authority lending to house buyers, or by acquiring houses from the private sector.

Worse

For most of this decade the total number of houses in Britain has handsomely exceeded the total number of households. The condition of the housing stock is better than ever before — and better, too, than that of most other West European countries. Yet the "housing problem" — or, rather, the symptoms of housing problems in the shape of homelessness, squatting, council waiting lists, the shortages of rented accommodation for the single, the childless, the elderly, the mobile, and the really poor — has become worse, not better.

There is still, of course, a genuine shortage of fit houses of the right size and location in parts of Greater London and other major population centres. But the problems of maldistribution have been multiplied many times over by the accumulated rigidities of half a century of Government subsidies and rent control. Because the cost of housing has been cheapened all round, the demand for new housing has been inflated. And because sectorial policies have been applied to each tenure group, the housing market has been fragmented in a manner that has now become both economically harmful and socially divisive.

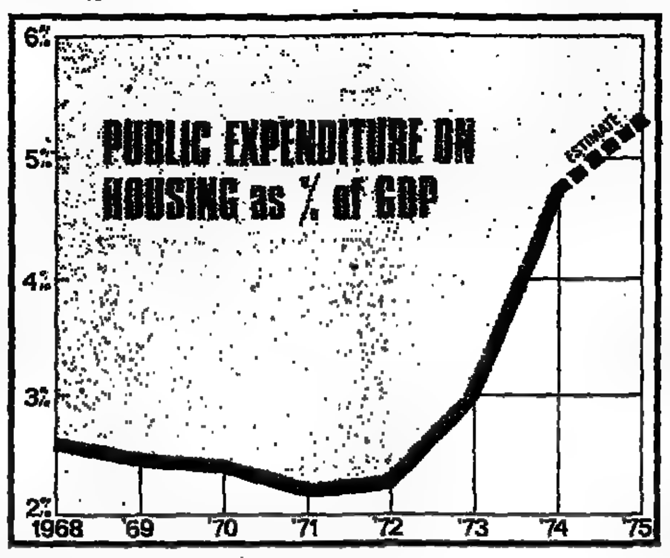
The time is long overdue for a thoroughgoing overhaul of housing finance and, provided political prejudice does not stand in the way, the review which Mr. Anthony Crosland, the Environment Secretary, hopes to complete in a few months' time might eventually lead to such a sea-change—he has at least declared that as his ambition. Until then, priorities are being changed in an attempt to curb the overall growth of housing expenditure. New building programmes are to continue, but local authority expenditure on municipalisation, improvement, and mortgage lending is to be cut back. With some increase in local authority rents and thus a corresponding drop in the Exchequer subsidy bill, it is hoped that total public expenditure on housing will be held level for the next few years at just about £4bn. a year (in 1975 survey price terms).

After the 60 per cent. growth of the past three years, one should not perhaps be too churlish about the measure of restraint now planned. But it is hard to be confident either about the prospect of four years of nil growth actually materialising or about the possibility of even greater interim reductions in public spending on housing without prejudicing the outcome of Mr. Crosland's housing finance review.

Doubts

On the prospect of real spending being held level there are doubts, first, because of the assumption the Government has made about the level of local authority rents. It has assumed that these will be progressively raised so as to cover at least 50 per cent. of local authority housing costs in four years' time against 43 per cent. now (and 74 per cent. in 1968), thereby "saving" about £180m. a year by 1978-79 compared with earlier estimates. It is true that, under present Exchequer subsidy arrangements, the whole of the benefit of higher rents accrues to the local authority (or, rather, its ratepayers) instead of being siphoned off by the Treasury. So, to that extent, local councils have a direct incentive to raise rents periodically. But in the last resort the choice is still theirs and financial considerations may be not the only influence. Moreover, depending on the future levels of inflation and interest rates, the target of at least 50 per cent. of outgoings being met by rents, after rebates, could well turn out to mean having to raise rents faster than consumer prices generally.

The second set of doubts stems for the underlying (and unrevealed) assumption about future interest rates which was made for last week's Public Expenditure White Paper. The volume of housing debt which local authorities are now carrying is huge—a good two-thirds of their total debt and probably about 30 per cent. of all public sector debt. Because of the increasing amount of debt which has had to be re-financed at higher interest rates, debt charges now constitute 70 per cent. of the total cost of local authority housing. Even if all new building ceased, the burden of debt charges could still increase because of re-financing. True, almost half of this debt has been raised on two-year terms or shorter and so, should interest rates fall appreciably, the re-financing burden would be partially eased in money terms. But, if inflation should also continue to decline, then the real-term cost of debt charges—and thus the pressure on rents or Exchequer/rate fund subsidies—would undoubtedly increase.



The third and perhaps biggest ground for doubting whether the real cost of public expenditure on housing will be held level arises from the commitment to allow local authority building programmes to continue unchecked by any Ministerial restraint other than by means of cost yardsticks. New housing programmes have even been excluded from the system of cash ceilings, although there is now clear evidence that houses built for local authorities cost more (after allowing for the differential effects of higher land costs and Parker Morris standards).

True, the cost yardstick system can always be used as an instrument of economic management. It is also true that the rising burden of debt charges may become more of a deterrent to new building (because of the loans pools arrangements which most authorities operate, the cost of re-financing housing debt also spills over into the cost of other local authority services). But as Mr. Neil Hepworth, the Finance Director of Croydon, pointed out in an Institute of Fiscal Studies paper last year, financial considerations are rarely the sole or even the dominating factor when a local authority decides on a new housing programme, acquires land for housing, or lets a contract. And it is too late when the balance between higher rents and a bigger rate fund contribution has to be decided as part of the annual budget-making exercise.

Strong case

If it should turn out that, for one reason or another, real public spending on housing is not being contained, then one of the first consequences could well be more Ministerial encouragement for improvement and less for new building. To give him his due, Mr. Crosland has already been urging a shift in this direction, and has come down especially hard on councils which have persisted in wholesale demolition of houses which could be rehabilitated for a smaller overall cost. But the follow-through seems so far to have lacked conviction. A ceiling has been imposed on local authority expenditure on improvement but not on new building.

There is also a strong case for allowing more sales of local authority houses, particularly in areas where there is no longer a housing shortage although, because council tenants buying their homes can often raise loans only from the vendor local authority, the public sector benefits may take time to show through. Greater encouragement could be given to "equity tenancies" of the kind being developed in Birmingham, where the tenant starts to pay a share of the capital cost of his house from the outset, with the intention eventually of paying for the lot. From a public expenditure aspect, too, more encouragement for owner-occupation generally would be a cheaper way in overall terms, of ensuring the provision of more houses, even after allowing for the tax treatment of this sector.

And because the private sector does not build its cheaper houses to Parker Morris standards, it would also be cheaper in overall resource use.

Within the public sector itself, there is scope for greater experimentation in various kinds of co-operative ventures and in other arrangements which provide for a sharing of responsibility with tenants for repairs and management—something which Mr. Crosland has also been encouraging. In too many areas, local authority housing is deteriorating at an alarming rate, at least in part because of vandalism. The overall cost of repairs and supervision has been rising fast: for some councils, like the GLC and Camden, the bill for repairs and management is now greater than net rental income, after rebates.

Paradox

But in the long run none of these measures is likely to be radical enough to deal with the paradox of an apparently worsening housing situation despite huge outlays of public money. The original case for housing subsidies a half a century ago—to provide for those who could not afford the minimum standards prescribed by authority—has long sunk without trace. Sooner or later the "dog's breakfast" we have now—to use Mr. Crosland's own words—will have to be replaced by a system of economic pricing for housing, with subsidies going only to the minority of people who really need them either directly in the form of a housing cash allowance (which could be administratively expensive) or by some system of tax credits. After all, there is no rational reason why the majority should have to subsidise their own housing. True, it will take time to return to a common sense system. The public expenditure benefits would not come through quickly if no one was to suffer unduly in the early transitional stages in order to sustain political and public acceptability. But the sooner a start is made the quicker the "housing problem" will vanish.

Letters to the Editor

One view of what you pay

From Mr. A. K. Unsworth.

Sir,—The Government spending analysis for the coming year will affect the lives of the man in the street, more than any other factor till 1980. This was well reported in your February 20 edition.

There is one table and one graph in your issue which are extremely interesting. The first is public expenditure by programme in cost terms 1970-71 to 1979-80. The graph is in the article "The Civil Service — Sharpening the Axe." Taking the latter first and looking at the graph, the rate of increase in the number of civil servants is greatest between June 1974 and January 1976 and would seem to be at the rate of 5.3 per cent. increase per annum. If industry's production levels for 1976 are of the order of the figures for 1973, surely the civil service level should be the same as at that time, that is, 695,000, assuming that only industry pays for unemployment. This should give a cut-back in at least 59,000 whereas only a saving of 35,000 jobs is envisaged—a difference of 57 per cent. in the numbers. Would it not be a good idea if Mr. Wilson calls in Lord Ryder to do a "Leyland" exercise on public expenditure and commence the necessary cuts within three months?

If we look at public expenditure by programme in terms of capita/expenditure of population and per capita in manufacturing we have the following figures:—

1974-78	Per Capita £	Per Capita Manufacturing Industry £
Defence	84	708
Overseas Aid, etc.	16	121
Agriculture, etc.	26	211
Trade, Industry, Employment	60	482
Nationalised Industries Capital Expenditure	58	437
Roads and Transport	47	334
Housing	92	694
Other Environmental Services	42	317
Law, Order, etc.	28	217
Education, etc.	128	965
Health, etc.	105	792
Social Security	157	1,184
Other Services	13	98
Common Services	12	90
Northern Ireland	25	188
Total	865	6,524
Debt Interest	86	646

Debt interest will increase in 1978 to £136/capita, giving an increase per annum of 12 per cent. per annum compound interest. While the civil service has increased, the number of industrial workers has decreased so that the rate of increase in this debit per production worker is much higher.

The figures in the above table, per capita in manufacturing industries, are in practice more frightening in reality, as some manufacturing industries are being subsidised by the Government, or in other words, the taxpayer.

It is appreciated that this is only one way of looking at the figures, but to me what is expressed above appears disastrous not only for us but also for the next two generations.

K. Unsworth,
Court Downs Road,
Beckenham, Kent.

Erratic growth

From Mr. A. Travers.

Sir, — The Treasury has circulated a corrigendum to the Public Expenditure White Paper which notes an error in the growth of public consumption— per cent. instead of 1.4 per cent. This effectively increases the size of the estimated rate of increase in public consumption by 16½ per cent. each year.

Following this example, I undertook my own check of figures in the "Growth and Use of Resources 1974-79" table. The results showed similar inaccuracy elsewhere in the exercise. For example, private investment (Case II) will allegedly rise by 8.7 per cent. per annum. On the data given, the increase would be 8.2 per cent. Nationalised industries projected increase in Case II is 4.0 per cent. The figure ought to be 3.5 per cent. (a 14 per cent. inaccuracy). Similar faults exist in Cases I and III of this section, as well as in "Other public investment" in Section C. This gives the annual contraction of public investment as 3.5 per cent.; it should be 3.3.

In discussing annual growth or contraction in the economy at a time of stringency, such inaccuracies (up to 16½ per cent. per annum) are vital. "No" or "single figure" growth in services enjoy little credence in the light of such imprecision. Is this control?

A. J. Travers.
North East London Polytechnic.
Centre for Institutional Studies,
Holbrook Road, E.15.

Non-executive directors

From Mr. C. Morton.

Sir,—I was delighted to read Nicholas Leslie's article (February 23) "New 'professional' needed," based on Mr. Leslie Smith's comments in BOC International's latest report. May I add the following remarks?

The need for more active non-executive directors is not confined to the very large organisation, such as BOCI, in fact a case can be made for the even more urgent need in smaller firms. Unless the non-executive director is to perform fairly considerable internal functions, I would not normally envisage 25 per cent. of his time being required in a smaller organisation. I am convinced that the vital "outside" approach will tend to falter after a period, which—depending on the individual and the extent of his involvement—may be five years. I would therefore advocate, that any contract should make this clear from the outset.

I trust, that the outspoken comments of an eminent industrialist will convince other organisations of the merit of this approach.

C. P. Morton.
C. P. Morton and Associates,
142, Arkwrights,
Harlow, Essex.

Government budgeting

From Mr. J. Cran.

Sir,—It is high time that the public is annually notified of government capital expenditure costs as compared with budgeted estimates.

Disclosure on the final costs of the new motor taxation centre at Swansea is highly disturbing. The chapter of disasters of this project was highlighted as follows:

1965 Budgeted cost £95m.
Budgeted number of employees 4,000
1976 Actual cost £400m.
Actual number employed 8,000

Furthermore, it has now been discovered that a further 1,200 employees are required. Unfortunately, this super costly building is not large enough to house them! It now transpires that the number of documents to be handled was over estimated.

The only other thing that requires to be commented upon is that it can take anything up to four months to obtain your licence. A wonderful advertisement for computerised centralisation!

When a senior civil servant was asked to comment, he superciliously replied that it did not really matter about the cost, as the project was going to go ahead anyway! What an outlook.

Such estimating blunders in private industry would liquidate most companies within months.

The public, both as individuals and within corporate bodies, are increasingly being called upon to disclose personal and private particulars to governmental and authoritative bodies. Such being the case, it is high time government gave account of themselves to the public, whose hard earned money they manage to spend so effortlessly.

J. M. Cran.
Senfield,
72, South Beach,
Troon, Ayrshire.

Financial follies

From Mr. J. Rampton.

Sir,—Given the present price of agricultural land, most owner occupiers when they die will now be subjected to a capital transfer tax rate of 50 per cent. to 75 per cent.—no financial foresight or provision can cover the enormous sums their estates will be liable to.

Let us therefore take Farmer A, who owns 1,000 acres with corn storage for 800 tons and milking facilities for 120 cows. To meet CTT one-third to a-half of his farm will have to be sold. The buyer, if there is a buyer, will either have to farm this land without corn storage and without milking facilities, or will have to erect new buildings. In the meantime, the son of Farmer A will have his barns half-empty and his herd reduced to 70 cows.

Politicians who enact financial follies such as CTT without having the slightest idea of the practical consequences of what they do, should at the next General Election be hounded out of office with the contempt they deserve.

J. M. Rampton.
Easton Lodge,
Easton,
Nr. Norwich

Currency systems

From Mr. P. Inman

Sir,—Professor Hayek's proposals for choice in currency, as described by Samuel Brittan (February 19) appear to limit the available selection of currencies to national issues. In other words, individuals will be invited to choose from among paper claims on competing tax gathering systems and to do so will have to form a view on the relative probity of the issuing governments, a process less susceptible to reason than most in the world of international finance.

Moreover, foreign governments will be unintentionally benefited by movements out of, say, sterling by U.K. residents, when the same liquid funds might well have been placed at home, were similar domestic choices of currency available.

For completeness, the competing currency system requires a structure of "lower grade" domestic currencies, taking the form of, for example, commercial bank notes, low denomination bearer bonds or negotiable IOUs. One could even envisage a system whereby industrial firms supplemented (eventually replaced?) their normal sources of funds such as equity sales by issuing bearer shares, which, while not attracting dividend payments, were redeemable on demand. A start could be made with the nationalised industries: just think how the minds of the British Rail management and unions would be concentrated by the vision of "Redeemable British Rail" sinking out of sight. You might even pay them in their own stock.

P. M. Inman.
3, Shaef Way,
Teddington, Middlesex.

Ledger clerk to chairman

From Mr. D. Goch.

Sir,—In his review of "From Pills to Penicillin—The Beecham Story" (February 20), Ray Dafter refers to Henry Luzell as "a one-time ledger-clerk who rose to become chairman and chief executive of the Beecham group."

Since most executives of his and the present generation began their working life at the bottom rung of the ladder this is not a particularly profound comment, but there is a much more interesting side to Lazell's career which he touches on in his book.

Before he joined Macleans (one of the principal founding companies of the present Beecham Group) he had qualified as a certified accountant, and it was in the capacity of accountant that he first became associated with it. His subsequent rise to become one of the foremost marketing men of his generation is well-chronicled in his book but his financial background as a certified accountant makes his career in business all the more fascinating.

Desmond Goch.
4, Paddock Wood,
Harpenden, Herts.

Industry-based unions

From the Headquarters Secretary, Association of Professional Scientists and Technologists.

Sir,—Mr. J. McDougall's letter (February 20) sets out the case for the general trade union most persuasively and explicitly. At the same time Mr. McDougall ignores the possibility of splitting industry into six or at the most twelve types of industry, each with its own trade union. The argument in favour of an industry-based union is that it will understand the problems of its members better than a trade union whose members belong to several industries with different backgrounds and problems.

It is reasonable to suppose that in a large industry such as car manufacturing the presence of all the large industrial unions and many smaller unions of a specialised nature does not make for efficient industrial relations and bargaining with the employer. One union, either negotiating with the employers on a company or national basis, would achieve more for its members than the present rather fragmented approach.

It is utopian to suggest that one union covering all workers in the United Kingdom with specialised sections would be achievable in our life time. But eventually this will come and Mr. McDougall and I will both realise our ambitions.

G. S. D. Wolf.
14, Harley Street, W.1.

To-day's Events

GENERAL

Lord Greenhill, a former Permanent Under-Secretary at the Foreign Office, heads three-man delegation expected to arrive in Salisbury for talks with Mr. Ian Smith, Rhodesian Premier.

Labour Party National Executive Committee meets.

Parliamentary Labour Party meets.

TUC General Council meets.

CBI publishes its Budget representations to Chancellor of the Exchequer.

Annual meeting of Newham North East Constituency Labour Party will be addressed by its MP, Mr. Reg Prentice, Minister for Overseas Development.

Trade and Industry Sub-Committee of House of Commons Expenditure Committee hears Treasury evidence regarding public expenditure on Chrysler (U.K.).

Nationalised industries chairmen meet to consider forming organisation representing their views to both Government and public.

House of Commons Expenditure Committee publishes Treasury reply to Committee's report on public expenditure implications of April 1975 Budget.

Sir Robert Mark, Metropolitan Police Commissioner, speaks on "Terrorism v. Law and Order" to Conservative Women's conference, Caxton Hall, S.W.1.

Sir Lindsay Ring, Lord Mayor of London, receives Parliamentary delegation from Egypt.

Sir Derek Ezra, chairman, National Coal Board, is guest speaker at Australian Business and Businessmen in Europe lunch, Hyde Park Hotel, S.W.1.

PARLIAMENTARY BUSINESS

House of Commons: Remaining stages of Post Office (Banking Services) Bill.

House of Lords: Debate on overseas development White Paper.

OFFICIAL STATISTICS

Housing starts, completions and renovation grants (Jan.—provisional).

Slum clearances (fourth quarter—final).

COMPANY RESULTS

EOC International (first quarter). Gillett Brothers Discount (full year). Johnson, Matthey and Co. (third quarter).

COMPANY MEETINGS

Bakers Household Stores (Leeds), Leeds, 12. English China Clays, Hyde Park Hotel, S.W., 12.30. Evans (Frederick W.), Edgbaston, 10.30. Flindrive Engineering, Isleworth, 2.30. Isle of Man Associated Investment, Douglas, 12. Jackson (J. and H.B.), Coventry, 12.

COMPANY NEWS + COMMENT

NatWest down £15.84m. at £104.44m.

AFTER SPECIAL provisions down from £55m. to £40m., pre-tax profit of National Westminster Bank fell from £120.28m. to £104.44m. in 1975.

At the half-way stage when profit was down from £86.15m. to £53.33m., the directors said that with increased expenditure for staff and other running costs, results for the year were likely to be lower than those for 1974.

Basic earnings per £1 share for the year are shown to have fallen from 28.873p to 25.305p—they were 23.928p full diluted. A final dividend of 4.28284p lifts the net total from 8.01329p to a maximum permitted 8.55149p.

At the attributable level profit for the year rose from £49.74m. to £53.46m. reflecting £7.02m. (£0.35m.) surplus on sale of trade investments after tax less goodwill written off in acquisition of subsidiaries.

The effect of recession was felt on a broad front and property values remained an uncertainty, the directors state.

In view of those factors and taking account of advances made through the support group (the "City Lifeboat") to secondary banks, provision of £40m.—including £14m. in subsidiaries—was made in addition to the charge, based generally on average experience, deducted before arriving at the group trading surplus.

The £55m. additional provisions for 1974 comprised £45m. against advances and £10m. for pensions.

Interest rates were lower than in 1974, the directors point out. Base rate averaged 10.46 (12.33) per cent.

Inflationary pressures caused substantial increases in staff costs and other operating expenses, which were partly offset by widening the margin during the year between base rate and the interest rate on retail deposits.

"With the sluggish demand for sterling advances there was less recourse to the wholesale market for funds. A significant expansion was achieved in currency business.

	1975 £000	1974 £000
Group trading surplus	182,459	174,526
Additional prov. advances	40,000	45,000
Additional prov. pensions	—	10,000
Share associates	5,171	4,078
Staff profit-sharing	3,392	4,295
Profit before tax	104,438	120,279
Taxation*	56,623	66,485
Balance	47,815	53,794
Minority*	697	138
Preference div.	680	680
Staff profit-sharing‡	—	3,368
Extraordinary credits	††7,019	348
Attributable	53,457	49,736
Ordinary dividends	15,694	14,704
Retained	37,763	35,035

* Bank and subsidiaries (£000s omitted) 588,354 (£64,114) and share associates £5,269 (£2,371). † Including Preference dividends of subsidiaries. ‡ In respect 1973. †† Includes surplus on sale of trade investments after tax less goodwill written off on acquisition subsidiaries. Struck after deducting £1,171,000 share associates.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Midway setback at Rosgill

PROFITS of Rosgill Holdings fell sharply from £346,000 to £143,000 in the 28 weeks ended December 13, 1975, before tax of £74,000 against £284,000. Turnover rose from £15.28m. to £16.17m.

In view of the reduced profits the directors have decided not to declare an interim dividend, but if trading results were to improve in the second six months, they would consider reinstating the dividend at the year-end.

For the year ended May 27, 1975, the total dividend of 3.31p net included a 1.05p interim. Pre-tax profits for that year amounted to £794,000.

	28 weeks 1975 £000	1974 £000	Year 1974-75 £000
Turnover	16,172	15,284	28,437
Party plan	8,111	7,096	14,210
Discount stores	8,061	7,188	14,227
Profits	176	378	850
Party plan	410	304	702
Discount	*234	70	148
Int. charges	33	32	56
Profit before tax	143	346	794
Tax	74	284	424
Net profit	69	262	370
Dividends	—	100	221
Retained	69	162	149

* Loss.

The directors report that in the Party Plan clothing division, net margins were adversely affected as costs continued to rise more rapidly than turnover. Maximum effort is being placed on achieving volume growth.

The discount stores' central warehouse (opened in April, 1975) failed to yield the expected economies. It has been closed and three stores fully dependant on it for supplies are now being disposed of.

The stores have reverted to direct deliveries: the head office has been relocated at the group's headquarters at Burton-on-Trent, and a number of other economies have been made, the directors add.

● comment

After a 74 per cent. interim pre-tax fall on just a 3.8 per cent. rise in turnover, the full-year outlook for Rosgill seems grim. Although the £300,000 turn-around to a loss for discount stores takes in a proportion of non-recurring costs from the abortive new stores and warehouse venture, the final write-off figure is yet to be determined pending the sale of properties. The remaining stores business has been profitable in the past but margins here were low and meanwhile Party Plan now appears to be losing momentum. Profits are already 19 per cent. lower and seasonally there is a downturn in January-February which will show up in the second half. The number of Pippa Dee parties is said to be holding up, but this can hardly be sufficient for a selling scheme of this kind. Indeed, the volume growth that Rosgill is now so urgently striving for must greatly depend on this network of branches continuing to increase. The shares have always been rated cautiously because of this selling approach and at 16p the market capitalisation is about £1.5m.

WINDING-UP ORDERS

Compulsory winding-up orders against 38 companies were made by Mr. Justice Brightman in the High Court on Monday.

Disposals boost for Lynton

GROUP PROFIT, before tax, of Lynton Holdings expanded from £238,304 to £1,811,989 in the half-year to September 25, 1975, mainly reflecting a profit of £1,325,289 on the disposal of shares in subsidiaries and associates and of properties.

	Six months 1975 £	1974 £
Rents receivable	963,681	824,887
Inc. completed props.	353,477	236,304
Profit prop. dealing	198,233	—
Profit disposals shares	1,325,289	—
Income before tax	1,811,989	238,304
Taxation	940,008	123,818
Net interest†	171,108	180,271
Balance	700,881	145,543
From capital reserves	323,824	180,231
Net income available	174,957	114,358

* Net income after tax attributable to development properties in associates and U.K. subsidiaries. † Deficit. ‡ Net profit on disposals £947,792 less £121,866 development interest. ¶ From capital reserve—development interest.

The interim dividend is lifted from 0.9p to 1p net per 20p share, and the directors expect to pay a total of not less than 2p, compared with 1.9p. Pre-tax profit for the year to March 25, 1975 was £1.85m.

In view of delays in obtaining building consents for certain sites held for development and the decision to postpone the commencement of construction on sme others, interest charges relating to the properties concerned have been excluded from the transfer from capital reserve in respect of development interest and remain charged in the consolidated revenue account.

Notts. Mfg. has better second half

REFLECTING A second half improvement, group pre-tax profit of The Nottingham Manufacturing Company, amounted to £8.02m. for 1975, compared with £8.43m. for the previous year, after a sharp downturn from £3.65m. to £2.33m. for the first half.

Stated earnings per 25p share for the year were down from 8.05p to 7.62p basic and from 7.56p to 7.18p fully diluted. A final dividend of 1.886525p raises the net total from 2.42275p to a maximum permitted 2.640275p.

Turnover expanded from £78.72m. to £87.21m. including inter-company sales of £9.82m. (£8.08m.). The company manufactures knitted outerwear, hosiery, etc., and tufted carpets.

	1975 £	1974 £
Turnover	87,212,880	78,718,000
Trading profit	10,012,909	10,325,325
Depreciation	2,384,413	2,154,626
Investment income	1,323,715	1,021,936
Loan stock interest	738,009	758,573
Profit before tax	8,024,202	8,433,663
Taxation	4,274,683	4,463,000
Invest. grants equal...	198,000	195,530
Tax underprovided	—	123,961
Net profit	3,947,519	4,035,232
Dividends	1,368,540	1,254,267
Other income*	87,368	636,948
Forward	39,489,851	37,843,334

* Surplus on cancellation loan stock capital.

See Lex

Growth at Record Ridgway

MR. A. B. HAMPTON, chairman of Record Ridgway (hand tool makers), told yesterday's annual meeting that developments currently being undertaken were not likely to be reflected this year in terms of higher profits, but he was confident that the year's results would continue to show further growth.

The main benefits from development work were more likely to materialise from 1977 onwards, he said.

Mr. Hampton revealed that negotiations were at an advanced stage for the purchase of Platts Forgings, of Willenhall, Staffs., for a consideration (to be based on the audited accounts of Platts as at February 28 this year) expected to be of the order of £350,000.

Completion was intended to take place during April, and further details would be announced then. The acquisition would enable Record Ridgway to safeguard the supplies of essential forgings for the Record tool range by utilising Platts' surplus capacity—the site at Willenhall possessed considerable potential for future expansion.

It was not expected to make a significant contribution to profit in the second half of this year, but "worthwhile" profit addition was, however, expected to group results in the ensuing years.

Mr. Hampton explained that the acquisition was part of an overall development plan, which included a substantial capital expenditure programme—orders for new plant to a value of at least £500,000 were expected to be placed in the current year, with a further increase next year.

The chairman continued that all efforts were directed towards increasing the share of overseas markets. Overseas sales, including exports from the U.K., amounted to over £8m. last year, an increase of 36 per cent. over 1974: the downturn in order level had bottomed out and an upward trend was now apparent, he reported.

Sir John Prideaux, chairman of National Westminster. Glyn Genin

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
African Lakes	4	April 7	3.66	4	3.66
Apex Properties ...int.	1.2(b)	April 2	1.2(c)	—	2.47
Broadstone Trust	2.81	April 29	2.25	3.63	3.09
EZ Industries ...int.	2.5(d)	April 23	4	—	11
Charles Hurst ...2nd int.	2.72(a)	June 24	2.34	5.38	4.96
Lynton ...int.	1.0	—	0.9	—	1.9
National Westminster	4.28	April 1	4.01	8.55	8.01
Nottingham Mfg.	1.89	July 1	1.67	2.64	2.42
Rosgill ...int.	Nil	—	1.05	—	2.31
Spirella	2.96†	May 14	1.57	4.19	2.75
W. Coast & Texas Trust	0.40	April 3	0.45	0.40	0.45

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Hurst family interests waived rights to £14,853 (£14,553). (b) Gross dividends. (c) Comprises 0.15522p interim and 1.04478p second interim. (d) Australian cents.

Swan Ryan prospects 'good'

MEDIUM-TERM prospects for growth are good at Swan Ryan International, reports the new chairman, Mr. Conor McCarthy, in his annual statement. The company should benefit from the growth of international tourism which, he adds, will follow a recovery from the present recession.

Referring to Irish hotels, Mr. McCarthy says the marked improvement in the volume of business in the latter part of last year has continued into the autumn months of the current year.

While they do not earn an adequate return on investment they still continue to cover all costs and make a small contribution to group profits, he adds.

Following an improved contribution last year, the London hotel should show "further growth" in the current period, while at TSI, the U.S. operation, current booking trend indicates "a return to more acceptable profit levels."

As reported, pre-tax profit for the year to August 31, 1975, fell from £0.46m. to £0.3m., primarily due to higher interest charges of £0.37m. and a £0.13m. provision against outstanding hotel advances made by Swans Tours. The dividend total is down from 2.125p to 1.25p.

According to a statement of source and application of funds, available cash at year-end increased from £0.27m. to £0.7m. and there was a £32,266 increase in loans, compared with a decrease of £0.25m.

At January 25, 1976, Aer Linte Eireann Teoranta owned 11.6 per cent. of the Ordinary and 32.1 per cent. Deferred, Irish Life Assurance Company 11 per cent. Deferred and 19.1 per cent. Participating Preference Shares and RTD Group, through a subsidiary, 71.4 per cent. of the Participating Preference Shares.

Broadstone Trust lifts earnings

REVENUE before tax of Broadstone Investment Trust increased from £724,295 to £830,001 in 1975, after expenses and interest of £280,912 against £275,804. Stated earnings per 20p share rose from 3.45p to 4.18p.

Gross revenue was steady at £1.11m. against £1m. The tax charge for the year amounted to £294,253 (£269,216).

A net final dividend of 2.81p makes a total of 3.63p compared with 3.00p in 1974.

Sharp rise at African Lakes

FROM INCREASED turnover of £4.33m., against £3.69m., African Lakes Corporation announces a sharp rise in profits from £0.39m. to £0.66m. for the year ended July 31, 1975, subject to tax of £0.28m., compared with £0.19m.

When reporting first half results up from £0.1m. to £0.23m., the directors said that with revenue which normally accrues in the second half, profits for the full year would exceed those for the previous 12 months.

The dividend for the year is being raised from 3.65625p to 4p net from stated earnings ahead from 59.34p to 116.16p per £1 share.

The corporation operates as traders and planters of tea and rubber. It is also engaged in the motor industry.

Optimism at Jevons Cooper

IN HIS statement accompanying the accounts for the six months to October 31, 1975, the chairman of engineers Jevons Cooper, Mr. D. E. Jones tells members that a further increase in earnings is expected in the current year.

As reported on January 27, pre-tax profits were £156,649 for the six months on turnover of £1.67m. This compares with £207,577 and £2.18m. respectively for the previous year.

The performance and condition of the group has been substantially improved says Mr. Jones and a sizeable acquisition completed. In the circumstances it has been decided to change the year-end to October 31.

The rate of profit, after tax and before extraordinary items in the period, shows an increase of 63 per cent. when compared with the 1974-75 year, and is some five times that produced in the previous year. In addition there is an extraordinary credit of £80,000 as a result of further negotiations in respect of a subsidiary sold during the previous year.

Cooper Industries holds 55 per cent. of the Ordinary and 28.5 per cent. of the Deferred shares while Mr. C. C. Cooper holds 68.6 per cent. of the Deferred. Meeting, Walsall on February 25, at noon.

SHORT-TERM LOCAL LOANS

The coupon rate on this week's issues of local authority yearling bonds is 10 per cent., at a price of £99½ per cent. Last week the rate was 10¼ per cent. at par. The bonds are due on March 2, 1977. This week's issues are: Borders Regional Council (£½m.), Gillingham Borough Council (£¼m.), Hertfordshire County Council (£1m.), London Borough of Wandsworth (£½m.), Lincolnshire County Council (£1m.), West Norfolk District Council (£½m.), Merthyr Tydfil Borough Council (£½m.), City of Leeds (£2m.), Borough of Bournemouth (£½m.), Braintree District Council (£½m.), City of Cardiff (£¾m.), Monklands District Council (£1m.), Vale Royal District Council (£½m.), Woodspring District Council (£½m.), Blackburn Borough Council (£½m.), London Borough of Tower Hamlets (£½m.), Kennet District Council (£½m.), Medina Borough Council (£½m.), Worthing Borough Council (£½m.), West Lothian District Council (£½m.), Ogwr District Council (£150,000), Bolsover District Council (£350,000), Sedgefield District Council (£½m.), Wansbeck District Council (£½m.), Easington District Council (£½m.), Torfaen District Council (£350,000), Clydebank District Council (£½m.), City of Durham (£1m.), Hereford City Council (£½m.), West Midlands Metropolitan County Council (£½m.). Oldham Metropolitan Borough Council (£½m.).

ISSUE NEWS AND COMMENT

Concentric 1-for-4 rights at 29p

Concentric proposes to raise £1,050,000 by a rights issue on the basis of one-for-four at 29p each.

Giving the reasons for the issue, the directors state that turnover over the past five years has doubled to almost £20.7m., with a proportionate rise in working capital requirements. Overdrafts reached a peak of £2m. during 1974 and have since dropped to £1m. in the last accounts to September, 1975.

They consider the time right to raise additional equity capital, particularly as conversion rights attaching to the 10¼ per cent. Unsecured Loan Stock 1976 have lapsed and accordingly the stock will come up for repayment next September.

Proceeds will be used to eliminate bank borrowings, and provide a greater flexibility to meet working capital requirements. Furthermore, the need for greater capital expenditure is recognised.

The new shares will not rank for the interim dividend of 0.7p due to be paid on July 1, but will rank for the forecast final of 1.443p making a total of 2.143p net, equal to a gross 3.3p per share—a 20 per cent. increase over the previous year. Treasury consent has been obtained.

The issue is underwritten by Robert Fleming and Co. and brokers are Rowe and Pitman Hurst-Brown. The last day for acceptance is March 18 and dealings will commence on February 27.

● comment

As indicated in the last accounts, Concentric's overdraft has gradually fallen since last September, and now the underlying "hard core" overdraft is probably less than £500,000. Couple this with £490,000 of loan stock due for repayment next September, and it is clear why Concentric has decided to raise £1m. Capital expenditure, mainly on replacement machinery, will be increased and probably amount to £700,000 this year (against £590,000 and £628,000 in the previous two financial periods), though this is just the start of a larger spending programme. The shares closed 2p higher at 38p yesterday and the ex-rights yield comes out two points higher than the historic at 9.1 per cent., which gives the shares quite an edge over the engineering average, and the group reaffirms its forecast of £2m. pre-tax within the next couple of years.

OCEAN TRANSPORT

Ocean Transport and Trading rights issue to raise £23.2m. on the basis of one-for-four at 110 each has been taken up as to 92.3 per cent. The balance has been sold at a net premium, and the proceeds will be distributed to entitled shareholders, except that no payment will be made for less than £1.

Wheway Watson 2-for-5 at 8p

Wheway Watson Holdings—chainmakers, engineers and forgers — proposes to raise £402,000 by a rights issue on the basis of two-for-five at 8p per share. The issue had first been mooted last June but was later shelved.

Proceeds will be used for funding part of the recent borrowing in connection with the capital investment programme and consequent expansion of activities.

At the interim stage, when reporting pre-tax profits of £431,00 (£322,226), the directors said that due to destocking, profits for the second six months would be unlikely to fully match those for the first. They are now forecasting that full year profits to April 1976, will not be less than £725,00 (£850,019), indicating a second half downturn of over two-fifths.

However, they are forecasting final dividend of 0.44p per share gross to make a total of 0.86308p, an increase of 7 per cent.

Mid-Sussex Water

Underwriting has been completed for an offer for sale by tender of £1.25m. Mid-Sussex Water Company 8 per cent. Redeemable Preference stock, 198 Brokers to the issue are Dennis Murphy Campbell and Co., and full particulars will be available on Thursday.

ARTHUR BELL INCREASE

Arthur Bell and Sons plan to increase its authorised capital from £7.5m. to £9.5m. by the creation of a further 4m. Ordinary 50 shares. The Board believes the current margin of unissued capital of £183,945 is too slim, and the increase will enable the group to take advantage of any opportunities for profitable expansion which may arise. At present the Board has no intention of issuing any further shares.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Plastic Construction Ltd.	London, EC2	£122,882	30. 9.75
The Wagon Finance Corporation Ltd.	Sheffield	£453,231	31.12.75
The Selukwe Gold Mining and Finance Co. Ltd.	London	£18,243	31. 3.75
Harris Lebus Ltd.	Reading	£97,250	31.10.75
MacKinnon of Scotland Ltd.	Coatbridge	£27,692	31.10.75
Bond Street Fabrics Ltd.	Leicester	£103,017	30. 9.75
Gestetner Holdings Ltd.	London, N17	£2,046,323	1.11.75
Associated Paper Industries Ltd.	London, EC4	£343,421	27. 9.75
CGSB Holdings Ltd.	Newcastle upon Tyne	£74,246	30. 9.75
Manbre & Garton Ltd.	London, W6	£2,161,290	27. 9.75
Watson & Philip Ltd.	Dundee	£226,703	31.10.75
The Rank Organisation Ltd.	London, W1	£16,961,682	31.10.75
Herbert Morris Ltd.	Loughborough	£306,145	2.11.75
McCleery L'Amie Group Ltd.	Belfast	£363,808	31.10.75

Published by the Treasury as required by the above Act

Spirella turns in £4.2m. and pays 4.19p

INCLUDING the merged Vantona companies for eight months, pre-tax profits of the Spirella Group amounted to £4,220,000 for the year to November 30, 1975, compared with £2,028,000 for the former Spirella organisation in the previous year.

And the directors say that all in all, a "significant" increase in profits and earnings per share is expected for the current year. They report that a good level of activity is anticipated and that the first two months' results confirm this.

Group profit for 1974-75 is after providing for notional interest charges (in excess of those actually paid) so as to reflect a full charge for all financing costs of ownership of Vantona for the eight months period from March 1975 as consolidated.

Stated earnings per 20p Ordinary share, before extraordinary items, were 14.1p against 8.8p.

Following the merger, permitted dividend levels are calculated by reference to the total cost of servicing capital of the enlarged group. This allows the rate per share for the year to be increased from 2.728825p to 4.1827p net, which will be covered 3.2 times. The final recommendation is 3.9674p on capital enlarged by the merger.

	*1974-75	1973-74
Turnover	£55.0m.	£29.4m.
	£000	£000
Profit	5.393	2.801
Interest payable	[illegible]	573
Profit before tax	4,220	2,028
Taxation	2.149	1.061
Net profit	2.071	967
Extraordinary debits net	23	†58
Balance	2.048	1,025
Minority and Pref. divs.	124	37
Available Ordinary	1,922	988
Interim dividend	151	123
Proposed final	434	146
Retained	1,337	719

* Spirella 12 months and Vantona 8 months. † Credits.

Net current assets amounted to £13.5m. at the year-end and the final combined group bank borrowings stood at £3.3m., after taking into account the £3.1m. paid to former Vantona shareholders under the offer. Net assets per Ordinary share are shown at 82.6p against 73.8p at mid-November 1974.

Household textiles now account for over 80 per cent. of group turnover and over 75 per cent. of profit before interest charges and taxation. In view of the historic corsetry connotations of the name of Spirella, the original public company, it will be proposed at the AGM to change the name to Vantona Group, which it is felt is more appropriate to the enlarged group's pre-eminence in household textiles.

See Lex

Cronite overseas drive

A "PROMISING upswing in orders," particularly from overseas, and the setting up of a North American operation were referred to by the chairman of The Cronite Group, Mr. K. F. Ward, at the AGM in Birmingham yesterday.

It was still too early to forecast profits for the current year, and while it remained to be seen whether there would be a sustained improvement in short-term demand, the directors believed the bottom of the recession had been seen, said Mr. Ward.

Direct exports increased by 78 per cent. in 1975 and it was intended to continue the sales emphasis overseas in the current year.

Overseas, where it was estimated more than half Cronite's products go as direct and indirect exports, the group had a number of developments under way in Europe and North America.

GCIT—no less dividend

Barring unforeseen circumstances, the directors of General Consolidated Investment Trust are hopeful of at least maintaining the dividend at the increased level of 2.5p for the current year, the chairman, Mr. Brian A. C. Whitmee, tells members.

The higher 1975 dividend (compared with 2.25p in 1974) includes a final of 1.6p and is being paid out of net revenue, already reported, of £313,627 (£494,062).

During the past year, net assets per 25p share, taking investments at middle market value and deducting prior charges at par, doubled from 40p to 80½p at December 31, 1975. This has risen further to 91p (unaudited) at January 31.

Since the year-end the company has negotiated an additional foreign currency loan of $U.S.300,000—at end-1975 these loans totalled £864,986 against £744,681 at end-1974—which has been borrowed in Eurodollars and invested in the U.S.

There is a surplus in the dollar loan portfolios over the sums required to repay the loans and, so long as this surplus is maintained and, as all borrowings are in Eurodollars, the company is protected against any further falls in the value of sterling against the dollar, Mr. Whitmee assures members.

Apex Props. first half upsurge

A DOUBLING of rental income from £205,745 to £412,447 has raised pre-tax profit of Apex Properties from £88,764 to £190,241 for the six months to September 30, 1975—nearly twice the £101,190 for the full year to March 31, 1975.

In his last annual report, the chairman, Mr. J. de Vere Hunt, forecast pre-tax profit of about £375,000 for the whole of the current year, because of an expected substantial increase in rental income, which was frozen by legislation in 1974-75.

An interim dividend per 10p share of 1.2p gross has been declared against two interims, totalling 1.19989p, last time.

The directors anticipate a final of 1.3p to make a total of 2.5p which is necessary to comply with the close company provisions of the Income and Corporation Taxes Act. The gross total of 1974-75 was 2.4723p.

Stated mid-term earnings per share are shown at 2.54p compared with 0.80p.

	Half-year 1975 £	1974 £	Year 1974-75 £
Rents receivable	412,447	205,745	416,280
Pre-tax profit	190,241	88,764	101,190
Tax	98,925	34,717	†93,382
Net profit	91,316	32,047	102,632

† Credit.

London City and Westcliff

GROSS PROPERTY revenue of London City and Westcliff Properties decreased from £4.53m. to £4.35m. in the year to September 30, 1975, and a pre-tax loss of £499,060 was incurred.

The loss compares with an adjusted loss of £925,380 for the previous year after a loss on share dealing of £1.16m. The 1973-74 reported deficit was £308,160 after £1.48m. loss on share dealing.

	1974-75 £	*1973-74 £
Gross prop. revenue	4,351,985	4,525,298
Net prop. revenue	2,496,565	2,881,341
Net income bldg. subs.	173,860	163,794
Surplus props. held for sale	86,612	66,206
Surplus sales dealing props	379,304	673,928
Net overseas loss	131,316	70,376
Loss share dealing	—	1,160,311
Profit before interest	2,857,695	2,847,386
Interest	3,371,241	3,802,841
[illegible]	87,854	†129,851
Loss before tax	499,060	925,380
Tax credit	105,982	‡135,072
Minority interests	3,280	1,497
Attributable loss	396,778	1,061,949
Tr. loss of balances with bankers	—	2,037,162
Loss for year	396,778	3,099,112
Brought fwd	132,141	1,405,146
Dividends	34,209	34,209
Forward	296,837	2,338,172

* Adjusted to incorporate changes in accounting policies. † Profit. ‡ Charge. After deducting £1,975,693 attributable to two dealing subsidiary disposed of during year.

Deficits totalling £1,039,002 (£273,223) were offset by a transfer of that amount from capital reserve. They comprised deficits on sale of investment properties £573,336 (£26,461 credit); tax on property disposed of during the year £500,000 (£131,907); less £36,334 (£27,233) discount on redemption of debentures.

Certain of the group's accounting policies have been reconsidered.

In view of the uncertain property market conditions, with effect from October 1, 1974, all interest has been charged to the profit and loss account in the period accrued and none added to land and dealing properties. The only exception relates to the building at Centre Nord, where interest has been capitalised up to September 30, 1975.

Following current practice, all surpluses and deficits arising on disposals of investment properties have been dealt with through the profit and loss account and, thereafter, by transfers to or from capital reserve.

As to sale of properties, the policy of realising lower yielding properties in order to reduce reliance on short term bank borrowings, and improve profitability has continued and is still being successfully pursued.

During the year completed sales amounted to £8.6m., of which approximately 90.4 per cent. were residential. Since the end of the year further sales have been completed amounting to £2.36m. and contracts have been exchanged for sales amounting to £714,000. Average selling yield on all properties sold was approximately 6 per cent.

As a result, the short term borrowings in the U.K. have almost halved since October 1, 1974.

Gross property revenue included in the interim statement for the six months to March 31, 1975 was £2.27m., compared with £4.38m. for the 1974-75 year giving an apparent figure of £2.07m. for the six months to September 30, 1975. Of the reduction, £91,873 relates to rents for which credit was taken in the first six months but were attributable to the second. The adjusted figures for the two periods of six month are £2,186,950 and £2,164,935.

In addition to the loss of £85,000 on disposal of the interest in the Manhattan defence project, a provision of £126,073 has been made in respect of the development at Paguera, Majorca.

It has been estimated that tax on disposals made during the year will amount to £300,000 against which corporation tax revenue losses will be relieved as reflected in the tax recoverable figure of £191,499.

Regarding monies due from Israel-British Bank, it is pointed out that at the time of the interim statement, it was reported that the liquidator had forecast a 35 per cent. return which would amount to approximately £980,000.

The first repayment of 20 per cent. (approximately £360,000) was forecast for the early part of 1976 but creditors have now been informed it is hoped this will be made in the second half of 1976. No account has been taken of any amounts recoverable in the figures for the year 1974-75.

Although the financial position has improved in the course of the year as a result of the reduction of short-term borrowings, the Board does not consider the company is in a position to pay more than a nominal dividend. As already announced, the interim dividend is 0.05p net (same) per Ordinary 10p share.

RECENT ISSUES

EQUITIES

Amount Paid Up	Latest Renunc. Date	1975/6 High	1975/6 Low	Stock	Closing Price	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
F.P.	—	540	410	Ang.Am.Coal Corp.50c	410	—10	MQ80c	2.5	4.0	—
F.P.	—	$12¾	$12	Brazil Fund S.A.	$12	......	—	—	—	—
F.P.	—	$10,500	$10,500	Brasilvest S.A.	$10,500	......	—	—	—	—
F.P.	—	£43	£39¼	Hughes Tool $1	£39⅝	......	Q40c	—	0.6	—
F.P.	—	205	167	LASMO 'OPS' Units 10p	172	−5	—	—	—	—
F.P.	—	205	167	SCOT 'OPS' Units 10p	172	−3	—	—	—	—

FIXED INTEREST STOCKS

Amount Paid up	Latest Renunc. Date	1975/6 High	1975/6 Low	Stock	Closing Price £	+ or −
F.P.	—	100	99⅝	Agricultural Mort. 10⅛% Bds. 1977	100	......
F.P.	7/4	104	96	Arbuthnot Lath. 8% Conv. Uns. 1986	104	......
F.P.	19/3	134	126	Bowring (C.T.) 10% Conv. Uns. Loan 1987	132	+1
—	—	99½	99	British Gas Corporation Ltd. Notes 1981	$99½	......
F.P.	23/1	104½	99⅞	Essex Water 9% Red. Pref. 1981	101⅞	......
$100	26/6	121½	82½p	Jardine Math. 7½% Conv. Uns. 1990	107⅞	......
250	—	32½	30	LASMO 14% Uns. Loan 81-83	30	......
F.P.	—	99½	99½	Midland Bk. FloatCap. Notes 1983	$99½	......
F.P.	—	101	99¾	Norway 8½% $ Notes 1981	101	......
—	16/3	110	92	Pantos 15% Conv. Uns. 1985	110	+1
F.P.	—	99½	99⅛	Royal Tst. Mort. Corp. 9½ Deb. 1981	$99½	......
250	—	32½	31	SCOT 14% Uns. Loan 81-83	30	......
F.P.	—	99½	99½	Seagram 9% Notes 1983	$99½	......
F.P.	17/11	50¼p	45p	Singlo 10% Cum. Conv. Pref.	47½	......
F.P.	20/2	129½	110	Tenneco 10% Sterling $ Conv. 91-86	129¼	+2

"RIGHTS" OFFERS

Amount Paid up	Latest Renunc. Dates †	‡	1975/6 High	1975/6 Low	Stock	Closing Price p	+ or −
Nil	—	—	13	11	Allen(E) Balfour	12pm	......
F.P.	2/2	1/3	29	25½	Amber Day	25½	......
F.P.	4/2	26/3	76	56½	Armitage Shanks	68½	......
F.P.	13/2	12/3	65	60½	Baker Perkins	66	+5
F.P.	11/12	3/3	146	94	Berisford (S & W)	145	......
Nil	2/3	7/3	20	16½	Blackwood Hodge	17pm	+1
Nil	—	—	7	6	Braham Miller	6pm	......
Nil	6/2	5/3	93	54	Brentnall Beard	88	......
F.P.	17/2	24/3	28	23¾	Brown Boveri Kent	26	......
Nil	27/2	26/3	22	18	Carpet Intnl	19½pm	......
Nil	—	—	9	8	H.A.T. Group	8½pm	......
Nil	4/3	9/4	7⅞	7¼	Jackson (J. & H. B.)	7¼pm	......
Nil	—	—	9	5	LCP Holdings	8½pm	+1½
F.P.	26/1	12/3	70	60½	Lake & Elliot	66	......
F.P.	13/2	16/3	25	18	Liner Concrete Machinery	19	......
Nil	5/3	30/7	10½	7	Lloyd (F.H.)	9pm	+½
Nil	—	—	17½	12¾	Meyer (Mont. L.)	17½pm	+1
Nil	—	—	3½	3¼	Mitchell Somers	3¼pm	......
F.P.	30/1	13/2	302	270	Nat. Bank of Aust.	287	+7
F.P.	23/2	19/3	145	129	Ocean Transport	130½	+2½
F.P.	24/2	25/3	91	82½	Steenhouse Hldgs.	91	+2
F.P.	26/2	24/3	92	89	Strong & Fisher	89	......
Nil	—	—	10	8½	Tecalemit	8½pm	−1
F.P.	6/2	2/4	14	12¼	Tomkins (F.H.)	1½	......
Nil	—	—	22	20	Triplex Foundries	20pm	......
Nil	—	—	19	15	Turner & Newall	18pm	......
Nil	27/2	9/4	33	22	Wolseley-Hughes	27pm	+3

Renunciation date usually last day for dealing free of stamp duty. a Placing to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. M Figures based on prospectus or other official estimate for 1976. Gross. Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ¶ Issued by tender. Offered to holders of Ordinary shares as a "rights." @ 290 S.Afr. cents. ‡‡ Issued in connection with reorganisation, merger or take-over. †† Tender allotment price. ♣ Reintroduced. ♦ Introduction. ● Issued to former Preference holders. ■ Allotment letters (or fully-paid). τ Provisional or partly-paid allotment letters. ✱ With warrants.

MINING NEWS

Coal price rise helps Bellambi

BY KENNETH MARSTON

CONSOLIDATED operating profits of the Consolidated Gold Fields group's Bellambi coal operation in New South Wales have come back to $426,000 (£265,000) in the first half of the current year to next June as compared with $497,000 in the same period of 1974-75. An interim of 10 cents (6.2p) has been declared which compares with only 3.75 cents a year ago and the subsequent final of 8.75 cents plus bonus of 6.25 cents.

Gross revenue in the latest period, however, rose 9.2 per cent. to $13.9m., higher coal prices having offset a sharp fall in sales. Those of coal fell by 40.4 per cent. from the levels of a year ago while coke sales were 19.3 per cent. down.

Output in the past half-year was seriously reduced by industry-wide disturbances during the first three months and this delayed the start of production with the new longwall unit. The latter has suffered from mechanical problems but it is expected that they will be progressively overcome. Thus, given an absence of further labour problems, Bellambi is heading for higher earnings in the current half-year as the increased interim suggests.

BRAZIL MINING EXPANSION AIMS

Brazil's State-owned mining concern, Companhia Vale do Rio Doce (CVRD), has lifted 1975 net profits by almost 40 per cent. to 1.7bn. cruzeiros (£88m.). Export sales rose to $611m. (£302m.) from $450m. and CVRD iron ore exports increased to 47.3m. tonnes from 46.2m. tonnes.

The company's president, Sir Fernando Roquette Reis, says that it intends to invest 43bn. cruzeiros (£2.26bn.) from its own resources up to 1980 in mining and other activities. Last year's investment totalled 2.1bn.

CVRD plans to raise funds on the North American and Japanese markets this year and it will need [illegible] cruzeiros from overseas by 1980 for its expansion programme, he added.

VILLAGE MAIN'S GAS PROBLEM

South Africa's Village Main Reef, which suspended mining operations on February 17 because of abnormally high concentrations of carbon monoxide gas underground, now says that the gas seems to stem from a fire in old workings which may be in an inaccessible area and that it is not possible to resume underground mining.

The company also said that the resulting loss of income from underground operations will adversely affect its resources and plans for future operations. Meanwhile, milling operations continue to be restricted to the treatment of sands from a nearby dump.

ATLAS FINDS NEW MARKETS

The big Philippines copper producer, Atlas Consolidated Mining and Development, reports that 1975 profits have dropped 26 per cent. to 164.1m. pesos (£10.5m.) from 220.3m. pesos in the previous year.

The Atlas president says that the sharp decline in copper prices would have affected earnings more severely had it not been for an 18 per cent. rise in the company's production resulting from improved metal recoveries.

Also helping matters has been the successful penetration of non-traditional markets for the company's copper, most of which goes to Japan. For example, last month Atlas shipped 22,000 tonnes of concentrates valued at $5.5m. (£2.7m.) to Yugoslavia, 10,000 tonnes to China and about 15,000 tonnes to Romania.

BHP TURNS DOWN PAPUA PROSPECT

Australia's Broken Hill Proprietary says that its wholly-owned Dampier Mining will not now exercise an option to acquire a controlling interest in Triako Mines and its subsidiary Buka Minerals.

Under the option, granted in 1974, Dampier has spent some $5m. (£3.12m.) on the exploration of certain Triako-Buka prospects, mainly for copper at Yandera in Papua New Guinea and Redbank in Australia's Northern Territory.

BHP considers the results of that exploration to date as not justifying the large capital outlay needed to proceed further but Triako-Buka say that they intend to continue the work and that they have adequate funds so to do.

At Yandera, drilling has indicated a deposit of more than 200m. tonnes grading 0.5 per cent. copper. Triako-Buka have a 61 per cent. interest in the prospect with America's Kennecott Copper having 39 per cent.

ROUND-UP

Australia's EZ Industries is cutting its interim dividend for the year to June to 2.5 cents (1.56p) from 4 cents for the first half of 1974-75 when the year's total was 11 cents. Net profits for the first half of the current year come out at $2.64m. (£1.64m.) compared with $8.77m. from group sales of $82.42m. against $78.37m. The shares fell 10p to 330p yesterday.

The Rio Tinto-Zinc group's Australian Comalco says that it has placed $U.S.13m. (£7.41m.) of notes due 1990 at 10⅞ per cent. with U.S. institutions. The borrowing, arranged by Morgan Stanley and First Boston Corporation, will be used for general corporate purposes.

* * *

Following Sunday night's outbreak of violence at the Anglo-Transvaal group's Loraine gold mine in South Africa in which five African mineworkers were killed, some 800 Rhodesian workers have asked to be sent home. It is not known whether production has been affected by the disturbance. Loraine were 100p yesterday.

* * *

A fall in pre-tax profits to £63,072 from £354,902 is reported by Sungei Kinta Tin for the half year ended November 1975.

New move in SWS-Haw Par loan dispute

THE $12¼M. (£6¼m.) first instalment due on the Slater Walker Securities $29m. (£14¼m.) loan to Haw Par Brothers International has now been placed in a joint account of the two companies, pending resolution of the legal issues between them.

This move was agreed on during the recent visit to London by Mr. Harry Wee, chairman of the Bar Council in Singapore where Haw Par—to which he is adviser—is based.

It is bound to revive speculation about the chances of an ultimate settlement of the legal actions already launched between the two parties following the breakdown of negotiations held by SWS' new chairman, Mr. Jimmy Goldsmith, with Haw Par in Singapore in December.

SWS has since then issued writs claiming repayment from Haw Par of the full $29m. amount of the loan. Haw Par is claiming damages from SWS over the related £16m. deal in 1973 under which Haw Par bought 46 per cent. of Slater Walker Securities (Hong Kong) from SWS, which then held a large share stake in it.

At present preparations for the impending legal actions between the two companies are going ahead in which is described as an orderly and cordial manner. Mr. Goldsmith said yesterday he considered the SWS case "overwhelming." He added that the recent rise in the Hong Kong market had raised the value of the assets concerned in the controversial £16m. deal in 1973 back to almost the price paid.

The report on SWS which has been under preparation by two leading firms of accountants since October, when the new Board under Mr. Goldsmith took over, is expected to be delivered at the end of this week or the beginning of next.

Pension Fund Property

The next issue of units in The Pension Fund Property Unit Trust (PFPUT) takes place on March 1, at a subscription price of £1,281.20 per unit, less a rebate of £16.20 for unitholders applying direct. The yield at this price would be 5.7 per cent. based on the total of the last four quarterly distributions.

PFPUT enables pension funds to invest directly in property without becoming involved in administration of such investments, and still retaining the funds' favourable tax position.

There were 494 funds holding units in the trust at the end of January, when the value of the fund was £101.2m., including £24.5m. in cash. The fund has some 200 properties producing a total net annual income in excess of £4.5m.

Handelsbank improves

The Zurich-based National Westminster affiliate Handelsbank N.V. reports a rise in profits for 1975 from Sw.Fr.7.5m. to Sw.Fr.8m. from which it will pay an unchanged 12 per cent. dividend on capital of Fr. 35m.

The bank's total assets rose by 11 per cent. to Fr.884m., the consolidated balance sum increasing from Fr.1,140m. to Fr.1,262m.

GADEK RUBBER

The scheme of arrangement of Gadek Rubber Estate has become effective.

Polly Peck finance

Polly Peck, the property and women's fashion group, whose share quotation was suspended on January 16 this year, is to continue to receive support from its bankers, National Westminster Bank, following an agreement in principle, for a scheme to reorganise the group's borrowings.

Details of the scheme are shortly to be sent out to shareholders, and an application is also being made for the restoration of the company's listing on the Stock Exchange.

The group reported a half year loss last month of £104,000 (£53,000). Polly Peck's fashion division has continued to trade profitably, though the property side has been making losses as a result of high interest charges.

Wiggins Teape now more hopeful

Mr. Maurice Bennett, managing director of Wiggins Teape, speciality paper makers, is a lot more hopeful to-day, both for the country and for the company, than a year ago, he says in the company's special statement now being distributed to its 10,300 U.K. employees giving details of the 1975 results.

Wiggins Teape's turnover of £289.6m. (£256.7m.) in 1975, produced a trading profit of £9.1m. (£31.8m.) and a net attributable profit of £2.5m. (£11.8m.). However, £6.3m. (£11.3m.) had to be set aside for inflation and consequently there was a deficit on the year of £3.8m. (£0.38m. profit).

Mr. Bennett gives three main reasons for the low profits: First, trade slumped world-wide and printers, merchants and end-consumers already had a lot of paper in stock. So demand was down and this meant "we could not always charge the prices we would have liked and it also forced us to run our machines less than full time."

Second, inflation made it necessary to set aside over £6m. to allow for rising costs.

Third, price controls in several countries limited the prices which might otherwise have been charged for products and there were large tax demands on profits in some countries which could not be offset against losses in others.

But Mr. Bennett points out that money has been found for key developments and a new drive for U.K. exports is under way.

He concludes: "There are signs that inflation is being curbed and I believe the economy will grow again, at any rate by 1977. Meanwhile this is not a time for spectacular new projects. It is a time for making the most of what we have and for keeping down costs."

TREVELYAN RE-CONSTRUCT.

A compulsory winding-up order made on February 23 against Trevelyan Re-Construction was rescinded by Mr. Justice Brightman in the High Court yesterday and the petition dismissed.

BIDS AND DEALS

Stigwood in bid talks with Polygram

RECENT strength in the share price of Robert Stigwood, the entertainments group, has prompted the company to announce that it is having bid talks with Polygram—a company jointly owned by the Dutch Philips and German Siemens groups to look after their leisure interests.

Stigwood shares, already 1p higher yesterday at 41½p, were unmoved by the announcement; the price has advanced from 34p over the past week, having been as low as 12p during 1975-76.

Polygram, which already holds around a quarter of the Stigwood equity, instigated negotiations last week and chairman, Mr. Robert Stigwood, Mr. M. R. Wesson, a director, and a representative of Joseph Sebag, Stigwood's financial advisers, had a meeting in Holland with Polygram and their financial advisers, Morgan Grenfell, on Monday this week. The talks are described as "preliminary," though a firm bid is expected within 3-4 weeks.

It was further announced yesterday that Mr. Stigwood has exercised an option to buy out the 1.4m. shares held by a fellow director, Mr. D. L. Shaw. The deal, which should be completed within the next few days, will give Mr. Stigwood 26 per cent. of the Stigwood capital. It is certain, therefore, that any bid will be on an agreed basis on account of his shareholding and his position within the group.

The latest discussions follow the termination of bid talks with Warner Communications Inc., of the U.S., last August, when it was announced that Polygram had agreed to guarantee income from music publishing and recordings of $US10m. over the next five years. It was further added that additional talks were aimed at creating a closer working relationship between Stigwood and Polygram in the U.S. and other joint ventures.

The timing of Polygram's approach coincides with the ending of a contract with a subsidiary of Warner to distribute RSO records—Stigwood's own label—in the U.S. Polygram already holds the foreign distribution rights outside of North America.

A spokesman for Stigwood said last night that the proposed change of ownership could result in a greater emphasis of the group's business outside the U.K. and that this could ease the position with regard to attracting high-grade technical personnel, who are deterred by U.K. taxes, and also help finance the backing of films which is scarce in the U.K. Mr. Stigwood himself has recently taken up residence in Bermuda.

Tilbury Contracting acquisitions

Tilbury Contracting Group is acquiring A. E. Whichelle and A.E.W. (Developments), two private companies involved mainly in the development of residential estates in the Eastbourne area of Sussex.

Combined net assets at December 31, 1975, were £265,037 and pre-tax profits £155,808 for the year to that date.

The consideration is £262,309 to be satisfied by £165,578 cash and 86,476 shares.

LONDON & COUNTY—WESTON PHARM.

The liquidator of London and County Securities, Mr. Richard Langdon, accepted the cash alternative offer by Dixons Photographic with respect to 2,143,500 shares in Weston Pharmaceuticals. This holding was the subject of legal proceedings which have now been settled on the basis that all claims to the shares have been withdrawn.

CARLTON-FOX

Carlton Photography and Design has acquired a control of R. Fox and Fox Publications (exhibition display and silk screen printing). Michael and David Green, directors of Direct Mail Centre, the group parent, have joined the Fox Board.

TRIANCO

Central and Sheerwood now holds 88 per cent. of the Ordinary and 73 per cent. of the Preference capital of Trianco Group following the offer which was declared unconditional on January 16. The offer remains open.

DANA-BROWN RESULT

The offer made on behalf of Dana Corporation for 16.3m. Ordinary shares (38.3 per cent.) of Brown Brothers Corporation closed at 3 p.m. on Monday, February 23, and all conditions have been satisfied. Valid acceptances have been received in respect of 24.8m. shares (approximately 54.55 per cent.) Under the terms, the basis of acquisition is—where accepted in respect of 50 per cent. or less of the holding, in full, or where accepted in respect of more than 50 per cent., the aggregate of 50 per cent. of such holding, and 22.01072 per cent. of the excess over 50 per cent. in respect of which such has accepted.

Progress for Crest Nicholson

IN HIS annual report, the chairman of Crest Nicholson, Mr. D. L. Donne, says the group is working to budgets that predict a higher profit for the current year.

Most sectors have made a reasonable start but, due to uneven completion of contracts and the structure of the order book, first half profits are likely to be lower than the £422,000 achieved in the same period last year.

As reported on February 7, pre-tax profits were £903,000 for the year ended October 31, 1975, with a dividend of 2.27p net. For the previous 15 months, the profit was £705,000 and the dividend 2.66p.

Property development contributed £9.11m. (£6.25m.) to turnover and £300,000 to profit (£400,000 loss); trading, £11.63m. (£13.39m.) and £480,000 (£979,000) profit and finance and investment, £90,000 (£89,000) and £11,000 loss (£97,000 profit).

Group net borrowings were reduced from £4.55m. to £1.64m. during the year. A statement of source and application of funds shows an increase in net liquid funds of £2.92m. (£368,000 decrease) made up of £327,000 increase (£39,000 decrease) in bank balances and short term loan; £245,000 loans repaid (£171,000 increase) and a £2.15m. reduction in overdrafts (£158,000 increase).

SW unit trusts merger plan

Slater Walker Trust Management is proposing to merge three of its unit trusts—the Slater Walker Scottish, the Slater Walker Shamrock and the Slater Walker Domestic—to form an enlarged Slater Walker Domestic Trust.

Details of the proposed Scheme of Amalgamation were sent yesterday to unitholders of all three trusts.

The investment aim of the enlarged trust will be to achieve capital growth with an average dividend yield, by investing in companies trading primarily in the U.K. and Republic of Ireland.

The Department of Trade has confirmed that the continuing trust will be an authorised Unit trust.

At present the values of the three portfolios are Scottish £2.8m., Shamrock £0.9m. and Domestic £9.1m., providing estimated gross annual distributions per £100 invested of £4.32, £5.00 and £4.90 respectively.

After the proposed merger, the trust would have assets of about £12.6m. with 40,500 unitholders, and the estimated distribution per £100 would be £4.98.

Implementation of the scheme requires the approval of unitholders of the three trusts at separate meetings. If the scheme is adopted, unitholders of Scottish and Shamrock will receive Domestic units in exchange calculated on the market prices of the units at close of business on April 15, 1976.

SW Trust Management has entered a planned programme of rationalisation of its trust range following the acquisition of the Jessel Britannia and National groups of unit trusts.

This left SW with 44 trusts under management and the programme envisages reducing this number by half. This merger is the second in the programme—last week SW announced the merger of two income trusts.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Matthew Clark, Cutmore Investments, Lothian Investment Trust, Rainé Engineering Industries, United Real Property Trust.

Finals: Ashdale Investment Trust, Brighton and Hove Stadium, Greens [illegible] Investments, Gillett Bros. Discount, International Investment Trust, Red [illegible] Squirrel Horn.

FUTURE DATES

Interims—	
[illegible]	Feb. 27
[illegible]	Mar. 1
[illegible]	Mar. 4
Green (R.) Properties	Mar. 4
Harmony Gold Mining	Mar. 5
Kursaal	Mar. 2
Scottish Metropolitan Property	Mar. 3
United City Merchants	Mar. 3
Finals—	
Anglo American Corpn. of S. Africa	Feb. 26
[illegible]	Feb. 26
Nathan (B. and I.)	Apr. 21
[illegible]	Mar. 31
Norrington [illegible]	Feb. 27
Sedgwick Forbes	Mar. 1

* Amended.

ASSOCIATES DEALS

Montague, Loebl, Stanley on February 23 bought for associates of McLeod Russel 2,500 Consolidated Tea and Lands Ordinary at 333p non-assented.

Cazenove bought 2,300 Consolid Metals at 130p for the account of a discretionary investment client.

Hart Morris sold 5,000 Morgan Grampian at 80p on behalf of an associate.

Woolworths record sales and rights issue

BY JAMES FORTH

SYDNEY, Feb. 24.

WOOLWORTHS, the major Australian variety and food retail chain, plans to raise $A15.8m. through a cash issue to shareholders after boosting profits by 44 per cent. from $A12.2m. to $A17.6m. in the year to January 28. In the process, Woolworths became the first Australian retailer to push sales past the $A1bn. mark within its financial year, although major rival G. J. Coles and Co., last October, became the first retailer to reach this milestone within a 12-month period.

The company attributed the sharp improvement to its aggressive campaign to lower prices to secure an increased share of the market.

This had been successful and the higher sales volume lifted profit, despite a lower gross profit rate. Operating costs had *been tightly controlled and had* dropped as a percentage of sales despite high inflation. Unprofitable or maginally profitable stores were closed and other unprofitable activities eliminated.

The higher profit lifted earnings per share from 10.9 cents to 16.0 cents., providing more than double cover for the dividend, *which is held at 7.5 cents. Sales* for the year totalled $A1.02bn. an increase of 23.4 per cent.

The profit to sales ratio increased from 1.48 per cent. to 1.73 per cent. The cash issue will be made on the basis of one new share for each five held. The company stressed that its liquidity position was "most *satisfactory" but was making* the issue having regard to continued development. The shares will be offered at 75 cents each, a generous discount on to-day's *ruling market price of $A1.27.*

Woolworths has taken the unusual step of making the issue non-renounceable which means there will be no trading on the market in rights to the issue.

Only a few companies have adopted this procedure in the past. Ironically, Woolworths' *rival Coles is probably its greatest* advocate and has made several non-renounceable issues in the past. The company gives no reason for deciding to do away with rights trading but plans to sell any shares not taken up and distribute the net proceeds to shareholders entitled to the shares. There is no underwriter *mentioned which probably means* that any shortfall will be offered to institutional investors.

IAC earnings boost

BY JAMES FORTH

SYDNEY, Feb. 24

IAC (HOLDINGS), Australia's second largest financier, managed to boost earnings by 24 per cent. from $A8m. to $A10m. in 1975 despite write-offs and provisions totalling more than $A20m. The huge provisions are a legacy of the group's rapid expansion into property two or three years ago *and which forced its parent,* Citicorp of the U.S. to pump about $A125m. into the company late in 1974 when the property boom collapsed.

On an after tax basis the profit for 1975 would have been $A9.89m. higher but for the abnormal items. These items reflected the continuing impact of the depressed real estate market on the group and are *likely* to be high again in 1976.

Bad debts written off jumped *from* $A1.9m. to $A7.5m., while income excluded on loans placed on a non accrual basis jumped from $A3.9m. to $A11.6m. The provision for doubtful debts dipped from $A4.5m. to $A1.3m. Abnormal credits for the period were $A816,000, recovered from non accrual income from a prior period and a $A2.4m. discount on early redemption of debentures.

The profit improvement was *achieved despite a fall in net* receivables from $A803m. to $A759m. Although this reflected a lower rate of new finance advances, interest differential profits increased through favourable movements in rates.

At the close of 1975 IAC had cash and short term deposits amounting to $A27m. Undrawn standby facilities, local and overseas, *brought* total liquid resources to more than $A100m. compared with $A23m. a year earlier.

The dividend is held at 7.5 cents a share. It is covered by earnings of 12.4 cents a share.

Solid growth at EBC

By Mary Campbell

European Banking Company, one of the London-based consortium banks, has announced pre-tax profits of £2.1m. for last year. This compares with £1.2m. in the 17 *months* between the founding of the bank and the end of 1974. After-tax profits were up *from* £681,000 to £1m. between the two periods.

Total assets rose from £171.4m. to £227.4m. last year. Paid up capital rose from £10m. to £10.175m., the increase being attributable to a share incentive *plan. Loans maturing after one* year rose from £51.0m. to £72.3m.

It is clear from the notes to the accounts that some provision for losses has been made by the bank. However, the amount has not been disclosed.

European Banking Company is owned by seven European banks: Amsterdam Rotterdam, Banca *Commerciale Italiana, Creditanstalt* Bankverein, Deutsche Bank, Midland Bank, Société Générale de Banque and Société Générale.

Rise in deposits at Berliner Bank

BY LESLIE COLITT

BERLIN, Feb. 24.

BERLINER BANK reports that a strong rise in savings deposits last year accounted for much of the impressive 10.8 per cent. growth recorded. The West Berlin bank said it was paying an 18 per cent. dividend.

Savings deposits rose 24.5 per cent., the highest growth rate in 10 years recorded by the Berliner Bank. The balance sheet total at the end of the year was DM4.7bn.

Customers' deposits rose to DM3.7bn., a gain of 13 per cent. *Advances to customers rose 14.7* per cent., to DM2.8bn. The bank's investments in securities rose 48.2 per cent. to DM412.2m. As a member of international consortia, the bank participated in the placing of 101 loans by foreign issuers.

Oslo bond increased

By Mary Campbell

THE AMOUNT of the City of Oslo's current Eurobond issue has been raised from $30m. to $40m. The coupon has been cut from a proposed 9¼ to 9 per cent.

The *fact* that the lead managers have felt able to announce this move is particularly *significant in the case of this issue* since the final maturity is twelve years—considerably longer than has been seen in the market recently.

Nacional Financiera raises $110m.

BY MARY CAMPBELL

NACIONAL Financiera of Mexico City has arranged to borrow $110m. on the Euromarket. The maturity is two years, and the spread 1½ per cent.

The loan was jointly arranged by various banks in the Schroder group in a number of different parts of the world and includes the New York-based J. Henry Schroder Banking Corporation and J. Henry Schroder and Co. of Beirut. An unusual though not unique feature of the loan is that lending banks have been offered a choice of base interest rates to which the spread is attached.

The three choices are the six-month London inter-bank offered rate. The U.S. prime rate and two-year London inter-bank offered rate. Three reference banks have been appointed in each case. The loan was originally expected to amount to some $50-60m.

The terms of the International Investment Bank's $600m. Euromarket borrowing include a grace period of 3½ years, during which time the spread will be 1¼ per cent., and a final maturity of six years. The spread will be 1⅜ per cent. during the last 2½ years of the loan. Participation fees are much higher than has been customary on East European loans—over 1 per cent. in some cases.

Fresh Peugeot-Citroen moves

BY RUPERT CORNWELL

PARIS, Feb. 24.

PEUGEOT and Citroen have once again taken the Paris financial community by surprise—this time by announcing that arrangements for the former to take outright control of Citroen SA are not after all on the point of completion.

The original agreement of December 1974, finalising the Government-inspired plan to merge the two car makers, stipulated that Peugeot would build up its holding by taking over progressively the majority stake in Citroen, long held by the Michelin tyre group.

At present, Peugeot holds some 38.2 per cent. and it had been confidently expected that this at any moment would be increased to a decisive 51 per cent.—creating a car empire with annual sales of upwards of Frs.20bn. (£2.2bn.)

Last night's laconic statement has however dashed these assumptions. Studies for the completion of the takeover are going ahead actively, it is said, but no date can yet be fixed. Rumours to the contrary were "without foundation."

Given that the protagonists are three of France's most impenetrable companies, only one guess can be hazarded with any confidence: that the merger plans are still very much on, and that the postponement does not reflect the discovery of another gruesome financial skeleton in the Citroen cupboard.

The most plausible explanation, in fact, is quite straight forward. Citroen to-day is prospering to an extent that can barely have been dreamt of only 18 months ago, when the company seemed on the edge of ruin.

The Frs.1bn. deficit of 1974 was cut to less than half that sum last year, and optimists are now talking of a return to the black for 1976. Sales jumped 35 per cent. in 1975 and every sign is that the recovery in the French car market is continuing.

The upshot has been a flurry of speculation *in* Citroen shares on the Paris Bourse.

Some Bourse rumours have it that *the Michelin family itself* has been behind the buying, to secure a better selling price for a subsidiary which has been expensive in the past.

Should these reports be correct, and if the main reason behind Peugeot's somewhat puzzling statement was to bring the temperature on the Bourse down, then its tactics have succeeded so far. Citroen's shares to-day fell back Frs.3.50 to Frs.70.50.

Satisfactory dividend from Varta

BY NICHOLAS COLCHESTER

BONN, Feb. 24.

THE MANAGEMENT of Varta, the major industrial holding company in the Quandt group, expects to pay a "satisfactory" dividend for 1975 after paying DM7 per DM50 share in the previous year. The group, best known for its batteries, recorded an 11.2 per cent. increase in turnover to DM1.88bn.

Batteries accounted for DM1.06bn. of this turnover, a figure up 10.4 per cent. on the previous year's outcome. The Busch-Jaeger division, making pharmaceuticals, baby foods and cosmetics, achieved a 12.2 per cent. rise in sales to DM595.5m., while CEAG, the lighting and electrical division, recorded a growth of 16 per cent. to DM210m.

Total sales of the domestic company were up 7.5 per cent. to DM1.36bn. (of which exports accounted for 22.6 per cent.) and showed rather better growth than sales in the German market. Turnover outside Germany was up by 19.4 per cent. to DM823.2m.

Union Steel profits rise

FINANCIAL TIMES REPORTER

Audited consolidated group profits before tax of the Union Steel Corporation of South Africa for the year to December 31, 1975, amounted to R9.9m. compared with a profit *of R8.2m. for the corresponding* period during 1974. Group net profits for the year are R6.3m. which is R1m. or 21 per cent. higher than the taxed profit for 1974.

The improved profit position in comparison with the 1974 book year is mainly attributable to the increased contribution of steel products to the group profit. Despatches of steel products were more than maintained with a noticeable improvement in the product mix of steel sales with a swing to special steels.

Price increases allowed during January and June 1975 assisted in combating the uncontrollable cost increases.

The contribution from steel castings to the group profit is *noticeably higher than the previous* year and is due to improved efficiency and increased despatches.

The profit from aluminium conductor for the year reflected a satisfactory increase and despatches exceeded those of the previous year.

The tonnage of copper products sold exceeded that of the previous year but the world prices decreased considerably. The lower prices on the world market resulted in a decrease in the copper turnover of R22m.

Casio Computer revises profit estimate

BY MASAYOSHI KANABAYSHI

TOKYO, Feb. 24.

CASIO COMPUTER, a leading Japanese desk-top calculator maker, has revised upwards its operating profits estimate for the year ending March 20 to Yen 4.7bn. from the original Yen 3.5bn.

The company's sales estimates for the year have also been revised from the initially projected Yen 50bn. to Yen. 52bn.

Casio reported operating profits of Yen 3.1bn. for the year ended March 20, 1975, on sales of Yen 44.925bn.

The company now plans to boost its desk-top calculator output to 1.4m. units a month in June from the current 1m. units *because of brisk* demand both in Japan and abroad.

Casio expects its calculator sales in the current fiscal year to total 10m. units, up from 6.5m. units a year earlier.

Casio, whose domestic market share is said to be around 65 per cent. also intends to boost its exports. Casio's exports account for about 40 per cent. of its overall sales—far below the 70 per cent. or so of some competitors.

The managing director, Mr. Soyama, forecast Japan's desk-top calculator production for 1976 at 42m. units, up from 32m. units in 1975, 15.5m. units in 1974 and 9.6m. units in 1973.

Casio has been emphasising its exports to Europe. Intensified competition in the U.S. is believed to be one reason for Casio pointing its export strategy in this direction. The U.S. market now accounts for about 50 per cent. of the firm's calculator exports, and the European market for only about 25 per cent.

Mr. *Soyama stated* that reduced component costs, resulting from technical innovation and the establishment of large scale production systems, were behind the projected higher profits. The start of substantial marketing of digital watches and an increase in sales of business machines also contributed to the forecast growth.

The managing director said *Casio is considering boosting its* output of digital watches starting next fiscal year to 1.3m. units a year, implying a retail sales value of Yen12-15bn. a year. Casio's production of digital watches—which have been on sale since December 1974—is expected to total 286,000 units, valued at Yen4.5bn., in the current fiscal year ending March 20.

The Casio managing director said the company expects a sharp rise in demand for digital watches in Japan as well as overseas. He said Japan's current digital watch output is around 150,000 units a month.

Casio intends to boost sales of the watches overseas to 50 per cent. of its total digital watch sales from this fiscal year's estimated 15 per cent. The company is aiming at European and South-east Asian markets.

The company intends to raise about Y2.8bn through a public offer of four million shares of its equity to help finance planned capital spending. Payment for the offer is due on Feb. 28. Casio also plans to make a 20 per cent. free share issue.

AP DJ

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS		
Aquitaine 10pc 1985	103½	104½
Ashland 8pc 1987	94½	97½
Austrasswiss 8pc 1987	93	94
Borregaard 8½pc 1989	94½	97½
Broken Hill 10pc 1990	104½	105½
Carrier 8pc 1987	93½	94½
Conoco 8pc 1986	99½	100½
Consd. Foods 7½pc 1991	91½	97½
Cutler Hammer 8pc 1987	95	96
EIB 9½pc 1985	103½	104½
ERAP 9½pc 1985	103½	104½
Esso 8pc 1986 Nov.	101	102
General Cable 8½pc 1987	91½	92½
General Motors 8½pc 1986	103½	104½
Granges 9½pc 1985	100½	101½
GTE 9½pc 1986	99½	100½
New Zealand 9½pc 1982	104	105
Pacific Light 8pc 1988	94½	97½
Prov. of Quebec 7½pc 1998	91½	92½
Quebec Hydro 8½pc 1989	99	100
Queensland 8½pc 1987	95½	94½
Scanraff 8½pc 1985	99	100
Shell 8pc 1986	100	101
Stand. Oil (Ind.) 8½pc 1988	101	102
Tenneco 7½pc 1987	93½	91½
Transocean 8pc 1986	99½	100½
Utah 8pc 1987	95½	96½
Volvo 8½pc 1985	101	102
NOTES		
Air France 8½pc 1982	102	104
Ardal 8½pc 1980	103½	104½
Aust. Ind. Dev. 10½pc 1981	104½	105½
Barclays 9½pc 1982	101½	102½
Cie Nat. du Rhone 10pc '82	104½	105½
Du Pont 7½pc 1978	101	102
Esso 7½pc 1978	101½	102½
General Motors 8½pc 1976	100½	101½
Montreal 9½pc 1981	102½	103½
Nippon Steel 9½pc 1980	102½	103½
Norway 9pc 1980	103½	104½
Skand. Enskilda 10½pc 1991	105½	106½

Source: White, Weld Securities.

CONVERTIBLES		
American Express 4½pc '87	56	58
Ashland 5pc 1988	81	83
Beatrice Foods 4½pc 1992	96	98
Beatrice Foods 4½pc 1992	102	104
Borden 5pc 1992	96	98
Broadway Hale 4½pc 1987	75	77
Canon Camera 7½pc 1989	108	110
Carnation 4pc 1987	82	84
Chevron 5pc 1988	102	104
Dart 4½pc 1987	90	92
Eastman Kodak 4½pc 1988	120	122
Economic Labs 4½pc 1987	82	84
Eidal 7½pc 1989	80	83
Fed. Dept. Stores 4½pc '85	129	131
Firestone 5pc 1988	92	93
Ford 6pc 1988	93	95
Ford 5pc 1988	83	85
General Electric 4½pc 1987	88	90
Gillette 4½pc 1987	90	92
Gould 5pc 1987	89	91
Gulf and Western 5pc 1988	102	104
Harris 5pc 1992	80	82
Honeywell 6pc 1986	83	85
ITT 4½pc 1987	74	76
Komatsu 7½pc 1990	105	106½
J. Ray McDermott 4½pc '87	135	137
Mitsui 7½pc 1990	103	104½
J. P. Morgan 4½pc 1987	114	116
Nabisco 5½pc 1988	93	95
Owens Illinois 4½pc 1987	97	99
J. C. Penney 4½pc 1987	79	81
Pioneer 6½pc 1989	214	219
Rank 4½pc 1993	47	49
Revlon 4½pc 1987	100	102
Sperry Rand 4½pc 1987	98	100
Squibb 4½pc 1987	82	84
Texaco 4½pc 1988	75	77
Toshiba 6½pc 1990	102	104
Union Carbide 4½pc 1982	131	133
Warner Lambert 4½pc 1987	95	97
Warner Lambert 4½pc 1988	83	85
Xerox 5pc 1988	77	79

Source: Kidder, Peabody Securities.

Beijerinvest turnover growth

By William Dullforce

STOCKHOLM, Feb. 24.

BEIJERINVEST, SWEDEN'S fast growing trading and industrial group, proposes to raise its dividend for 1975 by Kr.2 to Kr.6 per share and to increase its share capital to Kr.237.5m. (£26.5m.) through a one-for-two bonus issue.

The preliminary report for the year shows a remarkable increase in turnover from Kr.2.5bn. to Kr.4.3bn. (£480m.) due principally to the takeover of the Pribo concern and the acquisition of majority holdings in Swedish Iron and Steel works.

Earnings, however, did not keep pace with the growth in sales. Pre-tax profits come out at Kr.84m. (£9.4m.) compared with Kr.74m. in 1974. Depreciation has nearly doubled to Kr.50m. and financial charges rose from Kr.14m. to Kr.21m.

The results are some Kr.20m. lower than that forecast in the eight-month interim report due, the report states, to the restructuring undertaken in the group's leisure industry subsidiaries and in the iron foundries acquired during the year.

The increase in equity is dictated by the group's swift expansion and increasing international range. The bonus issue will be financed from extra-ordinary income achieved during the year, mainly from the sale to the State of 60 per cent. of the equity in the Pripps brewery, Sweden's largest, acquired by Beijerinvest at the time of the *Pribo takeover.*

Beijerinvest's share portfolio was valued at some Kr.530m. (£60m.) at the end of the year or some Kr.103m. more than the purchase values. The preliminary report anticipates a tax-free dividend income of Kr.21-22m. from this portfolio during 1976 but makes no forecast for the rest of the group's activities.

Svenska Flakt beats forecast

By William Dullforce

STOCKHOLM, Feb. 24.

SVENSKA FLAKT, the Swedish industrial ventilation group, shows an increase in earnings before tax and appropriations from Kr.100m. to Kr.129m. (£14.5m.) in its preliminary report for 1975.

The results include a profit of Kr.48.2m. from the Gadelius brokerage concern, in which Svenska Flakt increased its holding from 46 per cent. to over 70 per cent. during the year. The results are therefore slightly better than the half-way forecast of a Kr.75m. profit for the group without Gadelius.

Net earnings per share rose from Kr.40.40 to Kr.44.75. The parent company reports pre-tax earnings of Kr.62.2m., up nearly Kr.7m. from the previous year, and a net profit of Kr.15.1m.

The Board proposes to increase the dividend by Kr.1 to Kr.13.50 a share and to raise the share capital from Kr.93m. to Kr.155m. (£18m.) by a one-for-three bonus issue and a one-for-three rights issue. At the same time it is proposing a share-split, halving the nominal value of the shares from Kr.100 to Kr.50.

In view of the generally depressed trend in its main markets, Svenska Flakt performed fairly well in 1975, raising turnover by 17 per cent. to Kr.2.2bn. (£245m.) and taking *in new orders worth* Kr.2.3bn., of which over 77 per cent. originated abroad. Investments in machinery and buildings were Kr.73m., representing a slight decline in volume.

Earlier this month, the group announced a major new contract worth over $20m. for two large aluminium plants in Venezuela.

Zurich listing for Owens-Illinois

BY JOHN WICKS

ZURICH, Feb.

THE PACKAGING materials and glass concern Owens-Illinois, of Toledo, Ohio, is to list its common shares on the stock exchanges of Zurich, Geneva and Basle, formal approval from the three bourses being expected for April. While Owens-Illinois debentures have been traded in Luxembourg since 1967, this will be the first share listing on the continent. Owens-Illinois introduced its common stock to the London stock exchange in 1973.

The company, which is currently preparing an issue of 2m. new common shares, is currently expanding non-U.S. operations. Turnover of companies operating outside the U.S. in which Owens-Illinois has a holding of 50 per cent. or more totalled something approaching $800m. last year and could grow to $850m. in 1976, or some $550m. after consolidation. In 1975 the international group showed a decline of earnings after ten years of uninterrupted expansion, due primarily to the poor economic climate in Europe, but still contributed about 26 per cent. to overall earnings.

This year and next, group capital expenditure is expected to total some $400m., of which between 35 and 40 per cent. is foreseen for non-U.S. activities. A particular stress will be placed on Western Hemisphere countries, such as Brazil, while operations are also getting under way in South-East Asia.

Among major new foreign projects is the large-scale glass-container furnace of the British affiliate United Glass in Alloa, Scotland, which will start up operation to-day. Other new capacity increases for glass-container production are programmed for Brazil and Venezuela, while an agreement has just been reached wit[h] Indonesian Government seeing manufacturing opera[tions] in the Ampoule and Vial se[ctor]. Acquisitions abroad are u[nder]stood to be in examination.

Profit levels of the O[wens-]Illinois international div[ision] were higher in relation [to] turnover than those in dom[estic] operations, although no re[turn] to former dynamic growth is expected until after this y[ear].

In Europe, where O[wens-]Illinois—whose interests the the German Gerresheim g[roup] (50 per cent. participation) well as United Glass (50 cent.) and other companie[s] the major company in packa[ging] markets served, the co[mpany] intends to grow with the mar[ket]. Consumption of major pro[ducts] in Europe is seen as growin[g] some 3 to 5 per cent. annu[ally] with room for increase in capita use of glass containe[rs], the leading product group.

Some 5 per cent. of O[wens-]Illinois stock is curr[ently] believed to be in Europe, about 3 to 3.5 per cent. of whole in Switzerland.

In the U.S., where the co[mpany] has some 42,000 employees compared with over 3[...] employees abroad, impor[tant] new projects include a 100 ton capacity linerboard opera[tion] to come on stream early in at Orange, Texas, and glass-container facilities Puerto Rico, New York State *Massachusetts.*

In the field of new pro[duct] development, where Ow[ens-]Illinois spent $52m. on R an[d] and engineering programmes year, the undertaking is various stages of commer[cial] development with a pla[stic] bottle for carbonated bevera[ges], an all-glass solar energy colle[ctor] and a plasma-based elec[tronic] optical computer read-out dev[ice].

Siemens to cancel French purchase

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

SIEMENS HAS abandoned its plans to fill a gap at the top of its computer range by buying two large machines from France, it has been learned. Instead of taking equivalent products from either Sperry Univac, the U.S. group, or from Japan's Fujitsu, the German company has definitely decided it will be cheaper to produce its own products, according to senior executives.

The original intention, which was upheld throughout last year even after the *Unidata* collapse, was for Siemens to take the so-called X4 and X5 (otherwise known as 7760 and 7770) machines from CII's Toulouse factory, which was excluded from its merger with Honeywell Bull.

The plant is scheduled to form part of a reorganised French *minicomputer and peripherals* industry, which faces a shortage of work while the old CII product range is run down. So Thomson-Brandt, which may partly control the factory, was keen at one stage to make the X4 and X5 for Siemens.

The plan for Siemens to take up to 60 of them appears to have *foundered on a combination of* factors, including uncertainty over the production timetable, the required production level, and the price. The apparent intention of CII-Honeywell Bull not to market the products in France was a major *complication.*

Siemens says it has tried round the world to find substitutes, but concluded it would be chea[per] to make them itself, partly [be]cause this will avoid having [to] reconcile other manufactur[ers'] computer operating systems w[ith] those of its 7700 range. But [its] own machines, which are s[aid] to be in an advanced stage [of] development, will differ sligh[tly] from the original French c[on]cepts.

Siemens' negotiations w[ith] Fujitsu, originally reported l[ast] November 13, are now only c[on]cerned with the possibility of t[he] Germans buying the Japan[ese] version of a very large, se[mi-]specialised computer designed [in] the U.S. by Amdahl. A posit[ive] outcome would depend [on] whether this could be reconci[led] with Amdahl's independ[ent] attempts to break into the Eu[ro]pean market.

As part of its new policy ba[sed] on "go-it-alone," plus limi[ted] links with a range of other s[up]pliers, Siemens is considering exchange of peripheral produ[cts] (such as non-impact printers, which it specialises) w[ith] Fujitsu. The two may also try [to] harmonise future operat[ing] systems, which would ease [a] joint effort on future compu[ter] generations.

In its wide survey of possi[ble] links, Siemens is also keepin[g a] close check on two existing p[art]nerships, CPI (in the field [of] electro-mechanical peripher[als], between NCR, Control Data, [and] Britain's ICL) and MPI (the [...] discs partnership of Control D[ata] and Honeywell).

Earnings gain for Bank of Montreal

THE BANK of Montreal, reports Extel, shows a balance of revenue after tax for the first quarter to January 31, 1976, of $Can.28m. (18.6m.), or 82 cents *(55 cents) per share. Total* assets were $Can.18.7bn. up $Can.400m. during the first quarter.

Firestone starts well

Firestone Tire and Rubber Co. first quarter earnings (to January 31) were 36 cents (31 cents) per share, according to Reuter in New York. Net income was $19.8m. ($17.5m.) from sales of $860.2m. ($816.1m.).

Firestone said that its domestic operations were mostly responsible for its first quarter earnings and sales improvement.

Foreign earnings and revenues were adversely affected by the slow pace of economic recovery in Canada and Europe.

Firestone said that it expects the steady improvement forecast for the general economy to have positive effects on its results as the year progresses.

Borden ahead

BORDEN COMPANY fourth quarter earnings per share rose to 71 cents (61 cents), Reuter reports from New York. Net income was $22.03m. ($18.78m.) from sales of $873.6m. ($883.7m.).

Annual figures were $3.01 ($2.72); $92.88m. ($83.84m.): and $3.37bn. ($3.26bn.) respectively.

Bouygues drop

SOCIETE BOUYGUES, the major French public works concern, said that it expects to report consolidated net profits for 1975 of Frs.15m., against Frs.30m. a year before.

In a letter to shareholders, the company said that net consolidated cash flow last year stood at around Frs.73m., including Frs.58m. for depreciation allowances, against Frs.81m. and Frs.51m. respectively in 1974.

The company said that group *consolidated* turnover last year increased by 20 per cent to about Frs.2.5bn.

Since last *summer*, Bouygues said, its activity has been declining and it has been forced to close down some of its worksites and lay-off workers. However, its foreign activities are still growing, it said.

Orders as of January 1 stood at Frs.3.5bn., compared w[ith] Frs.3.4bn. at the same tim[e a] year earlier.

"So far, a revival can o[nly] be seen in some of our tr[adi]tional sectors of activity," [the] letter said.

Taking into account the [state] of the order book at prese[nt] "our activity this year will [pro]bably be about the same as [last] year." The company said t[hat] it expected the turnover of foreign operations to increase [to] Frs.300m. this year from [Frs.]140m. in 1975.

FARMING AND RAW MATERIALS

Brucellosis decision condemned

By Our Commodities Staff

FARMERS YESTERDAY condemned the Government's decision not to make the new ceiling of £400 for brucellosis compensation retrospective.

Mr. Harry Thompson, chairman of the National Farmers' Union's Animal Health Committee, said he was "appalled at the gross inequity" of the decision.

"Cattle prices have been rising steeply since before November last and the original £240 compensation limit was inadequate then. Hundreds of animals have been removed from farms over the past four months at prices substantially below market valuations, leaving farmers with replacement bills which can only be considered harsh and punitive," he said.

"We understand the need for stringency in Government expenditure and we acknowledge the increase in the ceiling, but we cannot stress too strongly that what we are seeking is no more than common justice and fairness in the operation of the scheme.

"We cannot accept the decision not to make the increased ceiling retrospective to November 1 last. We will insist that the Government reconsiders this move," Mr. Thompson added.

A Ministry of Agriculture spokesman said the decision not to make the increase retrospective was made in view of the tight control on Exchequer expenditure. He said it was felt that the money available would be best spent on ensuring the future success of the scheme.

Sugar workers urge Peart to save port refineries

BY OUR COMMODITIES STAFF

SUGAR WORKERS urged the Government yesterday not to permit the proposed contraction in Britain's cane refining industry.

Representatives from all the six U.K. port refineries met Mr. Fred Peart, the Minister of Agriculture to press their alternative to the joint plan put forward recently by Tate and Lyle and Manbré and Garton.

They stressed that the future of sugar refining at the ports should be considered in the context of all refining in the U.K. including the refining of beet sugar. They urged that employment in the port refineries should be maintained by securing adequate supplies of raw cane and beet sugar for refining there.

Mr. Peart assured them that the whole question of reorganisation was being considered urgently by the Government and no decisions would be taken until the workers' views had been stated and considered.

Later, Mr. John Edmunds, a national officer of the General and Municipal Workers Union, said that the union did not went to discuss only the companies' limited views but the future of the industry as a whole which included the planned expansion by British Sugar Corporation. The union disagreed with BSC's expansion plan because it duplicated refining capacity which already existed in the ports. "Is it sensible to pay out £80m. to make 2,000 people redundant," he asked.

He acknowledged that the domestic beet crop was going to increase to over 1m. tons. "But that doesn't mean the building of new refineries for the extra amounts when we already have the refineries in the ports."

Meanwhile the firmer tone in world sugar prices continued yesterday. The London daily raws price was fixed £2 higher at £161 a ton in the morning and, despite losing a little ground in late afternoon, nearby futures values on the London terminal market closed at the highest levels for over a month. The May closed £5.175 higher on the day at £167.275 a ton.

Dealers said confirmation by Sucrest, the U.S. refiner, on Monday night that it had purchased supplies of raw sugar from a producer aided the uptrend. Sucrest has not revealed the amount of its purchases or the source, but it is widely assumed that it must come from the Philippines where a large surplus is weighing heavily on the market. A major sale would remove some of the pressure to sell from which the Philippines has been suffering recently.

A further encouragement to the market was a rumour that China was buying sugar from Thailand. This was based on reports of freight inquiries from Thailand to China. Trade reports that Iraq was planning a buying tender for 50,000 tonnes of white sugar for March 3 also added to the "bullish" pressure.

The only significant "bearish" news item to set against these factors was the announcement, at short notice, that Peru was selling 33,000 tonnes of raws. This was thought to have accounted for the slight fall in prices in late dealings.

Over £8 a ton has been added to the May futures position so far this week and though this might not be considered very impressive in an historical context, coming after a long period of stagnant prices it represents a sharp change in sentiment. Traders noted that sugar had largely been ignored in recent weeks while cocoa and coffee held the limelight and suggested that an attitude of, "it is now sugar's turn for a rise," among speculators may have been generated now that the cocoa and coffee markets have quietened down a litle.

Chile denies cut back in copper sales

By John Edwards, Commodities Editor

COPPER MARKET rumours that Chile was planning to cut back deliveries by declaring force majeure were officially denied by Codelco, the state company handling the bulk of Chilean copper sales.

Codelco officials in London and Santiago both confirmed that all mines were working normally; there were no transportation problems; and copper was being delivered according to contractural commitments.

The denial brought a swift turnround in copper prices, which had advanced in early trading buoyed up by the reports of Chilean cutback. As a result three months wirebars ended the day unchanged at 638.25 a tonne, after trading at £644 earlier.

Further rumours of an impending rise in the U.S. domestic producer price gave a firm closing tone, although some dealers felt such an increase may be unlikely in view of the market's nervousness at the higher levels.

In other markets, a rise in the Straits tin price in Penang overnight failed to find much response in London, where values were only marginally higher. Lead prices moved ahead again, but zinc was depressed by the reversal in copper.

Slow progress in manganese ore talks

THIS YEAR'S manganese ore talks are making very slow progress as far as the U.K. and main European users are concerned, trade sources told Reuters.

Some small business was done on the Continent at prices fractionally above the 1975 level of around 140 cents per tonne unit cif for 48 per cent. ferro grade. Business was also reported to the U.S. but negotiations with the main U.K. and Continental buyers are dragging on.

Trade quarters pointed out that because of depressed conditions in the steel trade and good stocks of ore at works, large buyers are showing marked reluctance to pay the higher prices asked by sellers for this year's supplies.

While indicating that contracts with France may be settled soon, trade sources said it may be some time yet before business with the U.K. is finalised although it is hoped to tie up contracts before April.

SISAL MARKET

Depressing sequel to high prices

BY RICHARD MOONEY

THE DANGERS of allowing raw material prices to rise too high have been clearly demonstrated over the past 18 months by the experience of the world's sisal producers. Having topped the $1,000 a tonne mark at the end of 1974 following a period of shortage U.G. sisal (the basic grade, often called "reject") was by the middle of last year being traded at only $400 a tonne and prices have shown no sign of recovery.

The new situation was recognised at a recent meeting of the U.N. Food and Agriculture Organisation's inter-governmental group on hard fibres when the indicative price for U.G. was cut from $500 (plus or minus 15 per cent.) to a bare $425 a tonne.

The basic reason for the depression in sisal prices is the enormous increase in production capacity for its major competitor, polypropylene harvest twine, which has contributed to the building up of serious surpluses.

Brazil alone is estimated to have raw sisal stocks of around 180,000 tonnes—equivalent to 35 per cent. of total world exports in 1974.

The high prices obtained for sisal in the early 1970s—now generally recognised as excessive—proved to be a very mixed blessing indeed. At those levels synthetic baler twine became not merely competitive with sisal but significantly cheaper.

Temptation

With producing countries developing their own spinning industries, and imposing taxes to discourage the export of raw sisal, many North American and Western European twine spinners could not resist the temptation to switch to polypropylene as their raw material—for at least part of their production.

In North America, synthetic twine has taken around 20 per cent. of the market and this is expected to rise to about 45 per cent. by 1978. The synthetic market share in Western Europe is already about 24 per cent. and is forecast to reach 50 per cent. by 1978.

In view of this, the FAO has estimated that there will be a "theoretical" surplus of some 125,000 tonnes of barvest twine and cordage by 1978. In practice, however, this figure is unlikely to be reached as manufacturers would respond to a falling market by cutting production.

A further threat to the sisal market is the growing popularity of the "jumbo" baler which, as the name implies, produces much bigger bales. Apart from requiring only about two-thirds the amount of twine used in traditional baling, manufacturers of the new machine often specify the use of polypropylene twine, which is much stronger for any given thickness.

New factor

While the swing to synthetic raw material by established twine spinners continues, a new factor has entered the picture with the appearance in the twine market of several major chemical companies who, attracted by the advantages of vertical integration, are investing in baler twine production facilities.

But while the swing to synthetic twine has gained considerable momentum, it may not be unstoppable. The basic economic justification for the change is being eroded by falling sisal prices, and many companies still considering investment in polypropylene twine systems must be looking hard at their costings. And their calculations are made even more difficult by uncertainty over the future price level of their oil-based raw material.

A synthetic twine production system costs three to four times as much as a brand new sisal spinning plant. In addition, the reduction in sisal spinning in developed countries has meant that large numbers of second-hand machines from Europe and America are becoming available to the producer countries — widening the differential in investment costs still further.

Production of synthetic twine is far less labour intensive than sisal twine. But the difference in costs can be minimal as labour tends to be far cheaper in the sisal producing countries.

If any sisal producer is equipped to meet the challenge of synthetics it is Tanzania. With its ideal climatic conditions, long experience and established estates, it produces what is generally regarded as the best sisal in the world.

Though Brazil has overtaken Tanzania in terms of actual sisal production much of its output has recently gone to swell its stockpiles and last year Tanzania was easily the world's biggest exporter with sales of 97,000 tonnes.

But a long and serious look at marketing and distribution techniques is vital to the survival of the Tanzanian sisal industry.

Problems

The growing concentration on domestic production of twine also presents special problems since it means that Tanzania is gradually giving up its traditional spinning clientele which formed an important link with the final consumer of its product. Clearly this leaves a gap which Tanzania can afford to waste little time in filling.

Kansas wheat crop decline continues

CHICAGO, Feb. 24.

THE CONDITION of the Kansas wheat crop declined further last week, the U.S. Department of Agriculture said in its weekly round-up of weather and crop highlights.

Week-end snow gave little relief after days of warm, dry weather and topsoil and subsoil moisture remain short across the western two-thirds of the State.

Oklahoma's wheat crop remains in fair to poor condition, with most areas of the State in need of moisture, the USDA said. said. Reuter

THAI RICE SALE

BANGKOK, Feb. 24.

The Thai Commerce Ministry has approved the sale of 10,000 tonnes of 100 per cent. white rice second grade, worth $2.5m., to Singapore for April shipment, according to trade sources, reports Reuter.

'Burmese' tin smuggling report

BY OUR OWN CORRESPONDENT

RANGOON, Feb. 24.

A RECENT report in a Hong Kong paper that increasing quantities of "Burmese" tin showing up in international markets are in fact illegally produced Thai tin has naturally pleased the Burmese authorities.

Burmese feelings were ruffled by suggestions at the last International Tin Council in December that Burma had exported about 3,000 tonnes of tin during a recent nine-month period, even though Burma produced only about 600 metric tons a year; and that smuggling of the remainder from Thailand was therefore, suspected.

In reply the Burmese Government disclosed that it had exported only 574.5 tons of tin ore by November in 1975, and that the entire quantity was taken by a Malaysian company—Datuk Keramat Smelting Company—offering the highest price for the ore in an international tender. The Government's aim was to refute the insinuation that Burma had been smuggling tin from Thailand for resale abroad.

So a recent report in the Hong Kong Far Eastern Economic Review claiming that alleged Burmese tin came from Thailand came as welcome support for Burma's plea of innocence. The State-owned Burmese-language daily then offered "inside information" about the way tin was smuggled from Thailand by "certain foreign interests" and Thai traders.

According to these articles, fishing schooners of Renong have lately turned to the more profitable business of tin-dredging in Thailand's southern coastal regions, and so intense has been this tin-rush that the number of schooners involved has now exceeded 1,000.

But not being able to sell this illicitly produced tin in Thailand because of the ITC curbs, they take it to foreign ports south of Kawthaung town and smuggle it out under the guise of being tin from Burma, a non-member of the Tin Agreement.

The article, however, failed to discuss an obvious point: Whether Burma itself could not have been responsible for at least a part of the "Burmese" tin appearing in foreign markets. Burma produced around 5,000 tons of tin concentrate annually before World War II, but has not come anywhere near that production level since. In 1961-62 (April-March), it produced 900 tons, but in 1974-75, only 719 tons.

These latter figures, however, represent only production of state-owned mines and state purchases from private miners, and not all tin produced by small-scale private miners reaches the state purchase depots.

That a good part of this private production was smuggled out is clear from what General San Yu, general secretary of the ruling Burma socialist programme party, said recently: "We must pay particular attention to the suppression of 'economic insurgents' and rebels who have been engaged in smuggling out of the country gems, tin, tungsten, teak and other forest products as well as draught cattle." It seems, therefore, that at least a part of the "Burmese" tin in world markets really does come from Burma, though it is not legally exported tin.

Japanese need is key to wool price rise

SYDNEY, Feb. 24.

JAPANESE DEMAND will be closely watched at wool sales in Goulburn, Geelong and Portland this week, according to the National Council of Wool Selling Brokers of Australia, reports Reuter.

The council said a marked fall in Japanese buying accompanied the recent downslide in Australian wool markets. One reason for this was that finer wools offered at this time of the year are not as attractive to Japan as broader wools.

However, there are reports in Europe that Japan, during recent heavy buying at Australian auctions, acquired substantial quantities of Australian Wool Corporation stocks, and may not be such a strong force at later sales this season.

The council added there are signs the market slide is levelling off and this week's sales will provide valuable pointers as to whether this is so.

At Goulburn the market closed very firm to-day compared with previous prices. The total offering was 14,168 bales, including 6,479 for sale by sample and the trade purchased 84 per cent. The main buyer was Japan.

Japan was also the principal buyer at the Geelong sale, where values were generally unchanged.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Little changed on balance on the London Metal Exchange. Prices were initially higher following unconfirmed rumours of a possible force majeure declaration on shipments from Chile with forward metal trading up to £645 helped by speculative demand. The higher level prompted profit-taking, however, and the downward movement quickened when the rumours were officially denied with the price falling back to end at £638 on the afternoon Kerb. Turnover 17,[illegible] tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars cash	626-.5	+3	619.5-20.5	+.25
3 months	644.5-5.5	+5.75	638-.5	......
Settlem't	626.5	+3	—	......
Cathodes cash	617-.5	+2.5	609-10	—2.5
3 months	635-.5	+2.75	627-8	—1.75
Settlem't	617.5	+2.5	—	......
U.S. Prod.	—	......	*64-64.7	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £624, 24.50, 26.50, 26, 26.50, three months £641, 42, 42.50, 43, 42.50, 44, 43, 44.50, 45. Cathodes, cash £618, 17.50, three months £636, 35.50. Kerb: Wirebars, three months £644, 43, 44.50, 44, 43, 43.50, 44, 43.50, 43. Cathodes all carries. Afternoon: Wirebars, cash £622, 22.50, three months £643, 43.50, 43, 42, 41.50, 42, 41.50, 40, 39, 39.50, 39, 38, 38.50, 39, 38, 38.50. Cathodes, cash £618, three months untraded. Kerb: Wirebars, late Feb. £620, early March £621, 20, three months £638.50.

TIN—Firmer but below the day's highest. Prices were higher from the outset, with the exception of High Grade cash metal, helped by the fresh rise in Penang overnight. At £3,340, however, the upward movement in Standard forward metal was checked by profit-taking and it ended at £3,325 on the afternoon Kerb. [illegible]

[illegible]

SOYABEAN MEAL

The market opened weaker following the trend in Chicago where lack of demand is dampening the market. Demand for meal within Europe is very low and the expectation of large quantities of dried skimmed milk powder being released onto the market must result in lack of buying interest in the short term, reports SNW Commodities.

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

RUBBER

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

JUTE

[illegible]

FREIGHTS

DRY CARGO—[illegible]

MEAT/VEGETABLES

[illegible]

Nov. 67.50-67.33, Jan. —. (Note: Sept., Nov., etc. per tonne, rest still per long ton.)

HGCA—Location ex-farm spot prices: Feed Wheat: Gloucester £64.50. Feed Barley: Gloucester £64.25. The U.K. monetary coefficients for the week beginning March 1 are expected to remain unchanged.

EEC IMPORT LEVIES and premiums effective February 24. In order current [illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	Feb. 24 1976	+ or —	Month ago
Metals			
Aluminium	£420	......	£420
Free Market (cif)	£385-575	......	£540-560
[illegible]			
Linseed Crude	£382	......	£382
Palm Malayan	£182	......	£176
Soyabean (U.S.)	......	......	......
Seeds			
Copra Philipp	$196	......	$200
Gr'nuts Nigerian	......	......	......
Linseed Can No. 1	£149	......	£155
Grains			
Barley EEC	......	......	£65.25
Home Futures	£65.5	+0.05	£63.25
Maize			
French No. 3 Am.	£67	......	£66.75
S.A. Yellow	£70.75	......	
Wheat			
No. 1 Red Spring	......	......	......
No. 2 Hard Winter	......	......	......
Australian (f.a.q.)	......	......	......
English Milling	£67.5	......	£66.25
Cocoa Shipment	£764	+8.0	£769.5
futures May	£744.5	+8.75	£730.25
Coffee Shipment (c)	......	......	76
futures May	£871.5	+4.0	£844
Cotton 'A' Index			
cent	66.95	+0.1	65.7
Jute UABWC	£195.5	......	£195.5
Rubber kilo	40.75p	—0.75	37.75p
Sisal EASI	$600	......	$600*
Sugar (Raw)	£161	—2.0	£160
Wooltops 64s. kilo	215p	......	217p
Cloves (Madagascar)	£2,550	......	£2,550
Pepper White ton	£925	......	£960
Black ton	£730	......	£770

* Nominal. † Seller. ‡ Unofficial close. ♣ Indicative price. # U.K. and Commonwealth refined. ¶ Uganda Robusta standard grade indicative prices f.o.b. Mombasa. U.S. cents a pound. d Bangladesh white "C". ; Unquoted. a Seller's quotation. k Jan.-March. u Metric tons. r Sept.

FINANCIAL TIMES

Feb. 24	Feb. 23	Month ago	Year ago
183.86	183.50	174.66	171.12

(Base: July 1, 1952=100)

REUTER'S

Feb. 24	Feb. 23	Month ago	Year ago
1234.6	1233.3	1190.4	1082.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Feb. 24	Feb. 23	Month Ago	Year ago
Spot	313.42	311.75	297.10	323.38
Futures	307.22	305.23	290.40	296.62

(Average 1924-25-26=100)

MOODY'S

Moody's	Feb. 24	Feb. 23	Month ago	Year ago
Spot Commod'ty	783.2	784.7	755.9	767.0

(December 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 292 tonnes, bringing the total for the week so far to 963 tonnes, reports F. W. Tattersall. A fair demand was again encountered with spinners anticipating their needs on a short-term basis. Modest operations took place in various Middle Eastern and African qualities.

U.S. Markets

NEW YORK, Feb. 24.

Cocoa—Ghana spot 76½ (75). Bahia spot 71½ (70). March 70.05 (69.20), May 66.60 (66.00), July 64.00, Sept. 61.85, Dec. 59.13, March 57.75, May 56.90. Sales: 963.

Coffee—Santos No. 4 unquoted (unquoted). Colombian Mams 107.00 nom. [illegible]

[illegible]

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 496½ (493).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ♣ $'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ° $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 69-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

WOOL FUTURES PRICES FALLS

By Our Commodities Staff

Futures prices on the London wool terminal market fell sharply yesterday mainly because of covering against March options which are due on Friday. This sent March prices down 10p a kilo to around 173p. Over 100 lots were traded, compared with recent daily averages of about 30 lots

The fall came despite fears that Australian wool shipments could be discoloured by recent flooding and that wool packers' strikes could endanger Australian exports.

CONTRACTS AND TENDERS

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Fresh demand sends index near 1,000

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Feb. 24.

FRESH DEMAND absorbed further profit-taking and the upward trend was resumed on Wall Street to-day, although the close was below the best. As the Dow Jones Industrial Average approached the 1,000 level, the market ran into heavy resistance in the form of pre-planned sales fo rprofits on the sharp gains since January 1.

After advancing 10.94 to 996.22, or within 3.78 of the "magic" 1000, the Industrial Average partially reacted to 93.55, for a net rise of 8.27. The NYSE All Common Index gained 23 cents to $54.62, while advances led declines by 935-to-604. Trading volume expanded 2.92m. shares to 34.38m.

The market was assisted by Chrysler's fourth-quarter operating net of $34.9m., compared with a year-earlier loss of $71.7m. The report provided new evidence of a strong economic recovery.

In the day's economic news, the U.S. Government reported that New Factory Orders for Durable Goods rose by 2.3 per cent. in January from an upward revised December figure of 2 per cent.

Chrysler advanced $1½ to $16⅞. Crane added $2¾ at $77¾ on its two-for-one stock split and quarterly dividend up 10 cents to 60 cents per share.

Lionel picked up $1¼ to $4 on sharply higher fourth quarter earnings.

Xerox put on $¾ to $66⅜, reflecting three new rental pricing plans.

Host International lost $1½ to $13¼, however, following losses for the fourth quarter and the year, compared with profits.

Zapata fell $1 to $12—1976 earningis face "uncertainty," it stated.

Merrill Lynch further improved $1¼ to $28⅞.

Hughes Tool fell $3¾ to $40⅛ on a downward estimate of its 1976 earnings.

Rio Grande Industries tacked on $1 at $23½, despite its reported lower year end earnings.

Hose International dipped $1½ to $13½, following a fourth quarter net loss.

R. H. Macy moved ahead $1½ to $32¾ on a raised dividend.

Hercules were up $2¼ to $37⅛, Koppers $2¼ to $57¼, Cone Mills $2¼ to $54¼ and Proler International $2½ to $43.

The American SE Market Value Index moved up 0.81 to 105.11, with advances outnumbering declines by 493 to 336.

Instrument Systems, the most active issue, shed $¼ to $2½ on 299,900 shares.

Canada moves up

Canadian stock markets also moved up in active trading yesterday, when only Papers, off 0.18 at 129.67, moved against the general trend.

The Industrial Index rose 0.03 to 197.30, Golds 11.3 to 298.28, Base Metals 0.35 to 86.97, Western Oils 0.69 to 223.77, Utilities 0.18 to 142.84 and Banks 1.85 to 262.94.

Buying also touched Foods and Pipelines.

Home Oil "B" moved ahead $1 to $29¾, but Bank of Nova Scotia lost $¾ to $43.

OTHER MARKETS

PARIS—*Mixed with isolated sharp movements in quieter trading.*

Electricals rose, but Engineerings and Housing shares fell, while other sectors were irregular.

In the Foreign sector, Americans and Canadians were virtually unchanged, Germans steady, Dutch and International Oils eased, while Golds were maintained.

BRUSSELS — Losses predominated in moderately active trading.

In lower Steels, Clabecq were off Fls.60 to 4,905. Electrical and Utilities eased, non-Ferrous Metals tended lower, Chemicals also eased. Holdings gave some ground and Oils dipped.

U.S. shares eased, South African Gold Mines were steady, French stocks were higher, Germans mostly lower, while Dutch stocks were narrowly mixed.

AMSTERDAM — Generally weaker in quiet conditions.

Losses in Dutch Internationals were led by Royal Dutch, off Fls.1.1 at 116.8. Akzo shed Fls.0.3 to 48.4, ahead of its 1975 figures due to-day.

Shipyards advanced on the news they were in the market for a "big" Egyptian order.

State Loans were quietly mixed.

GERMANY—Mixed in uncertain trading on lack of positive new factors.

Leading Chemicals, Minings and Machineries were largely unchanged, although Demag fell DM2.50 to DM188. Degussa were lifted DM6.50 in "secondary" Chemicals but Schering fell DM3 to DM351.

In Motors, BMW shed DM1.30 to DM273.5 while Daimler rose DM3.50 to DM364.

Among Electricals, Varta advanced DM3 on a satisfactory 1975 dividend.

Banks were lower.

Domestic Public issues gained up to DM0.40, while the Authorities sold a nominal DM7.2m. worth of stock back to the market.

OSLO—Banks and Insurances were steady, Industrials barely steady, while Shippings were slightly irregular.

VIENNA—Generally steady.

COPENHAGEN—Lower in very active dealings, with Banks weak.

MILAN—Lower after the recent firm trend, with the accentuated depreciation of the lira and fears of further Italian monetary moves dampening investor enthusiasm.

Bonds were quietly lower.

SWITZERLAND—Slightly easier in quiet Settlement Day activity.

Small losses predominated among Industrials.

State Bonds were firm.

Dollar stocks drifted lower in an active turnover, Dutch Internationals lost some ground, while Germans generally posted small gains.

HONG KONG—Prices rose on a broad front in increased trading.

Hong Kong Bank was up 30 cents to $HK22.60, Hong Kong Land 20 cents to $HK8.80, Jardine 40 cents to $HK26.80, Swire Pacific "A" 20 cents to $HK9.65, Hong Kong and Kowloon Wharf 20 cents to $HK17.50 and Hong Kong Dock 5 cents to $HK9.40.

TOKYO—Slightly higher, with investors showing persisting interest in "big-capital" shares. Volume 200m. (150m.) shares.

Steel Mills improved in good volume. Nippon Steel, up Y3 at Y140, is expected to post a Y15bn. operating profit for half ending March 31, against a Y14.5bn. deficit in the preceding half. Kawasaki rose Y7 to Y125 and Sumitomo Metal Y4 to Y135.

Shipbuildings also rose.

Casio Computer firmed Y2 to Y830—it raised its profit forecast for the year ending March 20.

JOHANNESBURG—Gold shares were higher on London buying. "Heavyweights" gained up to 80 cents, while "marginal" and "speculative" issues put on up to 20 cents.

Financial Minings were quiet and slightly easier. Coppers were little tested and Platinums were generally unchanged.

AUSTRALIA—Sharply higher on sustained support. Some bearish developments like the scaling down of operations at the Kanmantoo Mine, and the abandoning of Endeavour's Sulu Sea Well, were well taken within the market's stride.

Week's rose 4 cents to 74 cents on its gas strike.

MIM put on 4 cents to $A2.24, Kathleen 5 cents to $A1.47 and Peko-Wallsend 14 cents to $A3.10. Queensland Mines jumped 20 cents $A2.20.

Pancontinental, however, fell 40 cents to $A12.30.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Feb.					
24	71.74	203.78	995.55	82.67	34,330
23	71.64	207.22	985.28	86.69	31,460
20	71.72	206.94	957.80	89.57	44,510
19	71.66	205.64	975.76	89.54	39,210
18	71.60	205.84	960.09	88.42	29,900
17	71.45	202.61	950.57	87.52	25,460
15	71.58	200.96	958.36	88.03	23,270
12	71.52	201.31	966.78	89.15	28,610
11	71.28	202.73	971.90	89.61	32,400
10	71.31	200.41	968.75	89.60	27,660
9	71.22	199.94	957.18	89.47	35,640
6	71.16	198.56	954.90	89.82	27,560
5	71.25	199.22	964.81	91.15	33,720
4	71.16	201.94	976.62	91.90	38,270
3	71.16	199.45	972.61	91.29	34,020
2	71.21	199.05	971.36	91.00	34,000
Jan.					
30	71.96	198.55	975.28	90.67	38,510
29	71.60	196.05	968.75	91.07	29,250
1975-76 High	71.84 (24/2/76)	208.78 (24/2/76)	995.56 (24/2/76)	91.90 (4/2/76)	—
Low	68.10 (2/1)	146.47 (2/1)	662.04 (2/1)	72.82 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	165.32 (20/4/65)	44,510 (20/2/76)
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Feb. 20	Feb. 13	Feb. 21, 1975
3.74	3.90	5.14

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975-76 High	1975-76 Low	Feb. 24	Feb. 23	Feb. 20	Feb. 19	Feb. 18
54.62 (24/2/76)	37.66 (2/1/75)	54.62	54.38	54.61	54.28	55.50

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1911	935	604	372

	Feb. 24	Feb. 23	Feb. 20	Feb. 19	Feb. 18
New Highs	278	241	451	585	184
New Lows	4	one	nil	one	nil

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975-76 High	1975-76 Low	Feb. 24	Feb. 23	Feb. 20	Feb. 19	Feb. 18
105.11 (24/2/76)	82.29 (2/1/75)	105.11	104.30	105.81	102.85	101.14
Volume (000's)		3,560	5,940	8,550	7,580	5,130

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	Composite
Feb. 24	114.66	102.47
23	114.13	101.61
20	114.67	102.10
19	113.86	101.41
18	112.02	99.55
17	111.12	99.05
13	111.84	99.67
12	112.52	100.25
1975-76 High	114.67 (20/2/76)	102.43 (24/2/76)
1975-76 Low	77.71 (8/1/75)	70.74 (8/1/76)

* 425 Industrial. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Feb. 19 1976	Feb. 12 1976	Feb. 19 1975
Ind. Ord. yield pc	3.38	3.35	4.20
Ind. Ord. p e ratio	13.73	13.86	8.93
Long-term Govt. Bds. per cent.	5.79	3.79	6.84

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Chrysler	379,600	16⅞	+1½
Westinghouse Elec.	375,900	17½	−⅛
Litton	354,400	11¾	−1
Kresge S.S.	341,600	38½	+¾
Amer. Motors	266,500	6¼	+⅛
Gulf Westn.Ind.Uts.	265,900	8	+⅛
Hercules	255,500	37⅛	−2¼
Gulf Westn. Ind	238,700	29⅞	+1½
Pan Amer. Air	235,630	7⅜	+⅛
Atlas Corp.	230,400	4¼	—

TORONTO

INDUSTRIAL INDEX

Feb. 24	Feb. 23	1975-76 High	1975-76 Low
197.30	197.27	197.43 (20.2)	130.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Feb. 24	Feb. 23	1975-76 High	1975-76 Low
203.24	206.67	208.67 (23/2)	139.63 (2/1)

COMBINED INDEX

Feb. 24	Feb. 23	1975-76 High	1975-76 Low
198.97	198.85	199.57 (24/2)	136.06 (2/1)

JOHANNESBURG

	Feb. 24	Feb. 20	1975-76 High	1975-76 Low
Industrials	206.7	206.6	238.9 (16/7)	183.3 (23/1)
Golds	210.3	207.0	378.1 (13/1)	180.2 (8/12)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Feb. 19	Feb. 12	Feb. 5
On Dividends	5.67	5.66	5.56
On Earnings	9.29	9.25	9.26

SYDNEY ALL ORD. INDEX

Feb. 24	Feb. 23	High 1975-6	Low 1975-6
459.20	453.85	472.05 (23/1/76)	283.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Feb. 24	Feb. 23	High 1975-76	Low 1975-76
335.97	333.44	342.84 (1/2/76)	268.24 (10/1)

HONG KONG INDEX ϕ

Feb. 24	Feb. 23	High 1975-6	Low 1975-6
435.87	426.28	434.48 (4/2/76)	160.42 (9/1)

SINGAPORE INDEX §

Feb. 24	Feb. 23	High 1975-6	Low 1975-6
271.03	273.09	286.16 (3/2/76)	163.26 (8/1)

EUROPE

	Feb. 24	Previous	1975-6 High	1975-6 Low
Belg'm (a)	110.85	111.80	115.21 (6/2/76)	89.07 (2/1)
Denm'k (b)	100.25	101.80	107.19 (27/1/76)	78.06 (13/1)
France (d)	72.1	73.2	72.6 (23/4)	51.70 (2/1)
Germ'y (e)	796.4	796.0	797.0 (5/1/76)	673.5 (2/1)
Holland (f)	102.9	103.3	107.6 (6/6)	83.2 (2/10)
Italy (g)	90.75	91.57	102.58 (21/2)	76.41 (17/10)
Spain (h)	—	—	110.98 (22/4)	91.85 (19/9)
Sweden (k)	410.51	410.57	419.65 (6/2/76)	310.56 (9/1)
Switz'r'ld (m)	293.6	292.2	297.7 (15/1/76)	206.5 (2/1)

Indices and base dates (all base values 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ϕ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

Lira weaker

The Italian lira continued to decline in the foreign exchange market yesterday, with purchases of U.S. dollars by Italian based oil companies for oil royalty payments remaining a major factor. There was little evidence of heavy speculative pressure on the lira however, though the call for a national strike by Italy's major trade unions to stop rising unemployment may have led to a further movement out of lira into the stronger European currencies.

The Bank of Italy was reported to have intervened through an intermediary bank to try to steady the lira at L800 to the dollar, but quickly withdrew from the market. The Italian unit finished at L798 against the dollar compared with L791 previously, but fell to L808 at one point.

Morgan Guaranty's calculation of the lira's trade-weighted average depreciation since the Washington Currency Agreement, widened to 47.79 per cent. from 46.61 per cent. This represents a fall of 17.07 per cent. since the Italian foreign exchange market was closed last month.

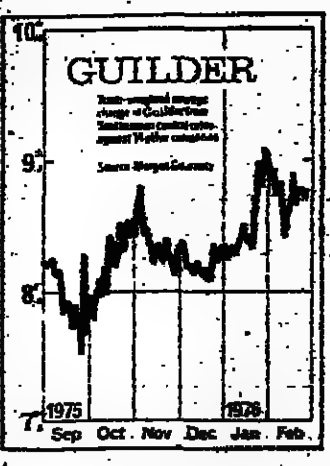
The dollar's depreciation, on the Morgan Guaranty basis, showed little change at 2.70 per cent.

Sterling's trade-weighted average depreciation, as calculated by the Bank of England, was unchanged throughout at 30.3 per cent.

The pound opened at $2.0255-$2.0285 against the dollar, and after trading within a very narrow range, closed at $2.0245-2.0253, unchanged on the day.

Gold closed $¾ higher at $132-$133 in fairly steady trading. The krugerrand finished at $135½-137¼ ($66½-67¾) in the domestic market. Its premium over the gold content narrowed slightly to 2.88 per cent., but widened to 3.02 per cent. for international delivery.

Rates in yesterday's World Value of the Pound were for February 23, and not February 16 as printed.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to	Feb. 24	Feb. 23
Sterling	0.576237	0.576616
U.S. dollar	1.16709	1.16759
Belgian franc	45.6574	45.6996
Deutsche mark	2.97618	2.99076
French franc	5.22448	5.22584
Italian lira	—	—
Japanese yen	352.403	353.371
Dutch guilder	3.11088	3.11396
Swedish krone	5.10252	5.11346
Swiss franc	2.97841	2.99051

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

[illegible]

U.S. $ in Montreal. U.S. $=98.88-90 Canadian cents. Canadian $ in New York $C=101.08-12 U.S. cents. U.S. $ in Milan closed. Sterling in Milan closed.

EURO-CURRENCY INTEREST RATES

[illegible]

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

† Basic discount... convertible francs... 61.40-61.60.

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—99¼% (102¼%).

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ◆

Feb. 24	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	108.1	+0.1	—	—
Allianz Versich.	415	−1	17	2.1
B.M.W.	273.5	−1.3	14	2.6
BASF	170.5	−0.8	17	—
Bayer	148.7	−1.7	17	5.8

[illegible]

MILAN

[illegible]

AUSTRALIA

[illegible]

JOHANNESBURG

[illegible]

PARIS

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

TOKYO ¶

[illegible]

SWITZERLAND ◆

[illegible]

SPAIN ▼

[illegible]

AMSTERDAM

[illegible]

STOCKHOLM

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

OSLO ◆

[illegible]

FINANCIAL TIMES SURVEY
Wednesday February 25 1976

West Berlin

Despite the very real gains for the city of the Four-Power agreement of 1971, Soviet and East German pressure still precludes the strengthening of links with the Federal Republic. West Berliners also worry about the loss of interest in her predicament in the West.

Limitations of detente

By Adrian Dicks

AT A moment when the cause of detente with Eastern Europe s under heavy fire in the Western democracies, West Berlin stands out, both as the major concrete illustration of what the policy has achieved to date, but also as a salutary eminder of its limitations.

Life has unquestionably ecome easier and psychologic- lly more comfortable for West erlin since the Soviet Union nd the Western allies signed e Four-Power agreement in 971. The transit routes between e city and West Germany are pen, assuring West Berlin of s raw materials and of access r its manufactures to arkets. West Berliners can oss virtually at will into East rlin and East Germany hough only those East rmans above retirement age o travel freely in the oppo- e direction). The city has, rhaps, lost in this process me of its former symbolic aning as a harrassed and be- guered bastion of Western edom. But it can get on more sily with the business of king its living as Germany's gest industrial centre, and one of its most important cational and scientific con- trations.

Another consequence has en to make Berlin conscious t it needs a new role in the rld. It would like to build on existing achievements, such its art galleries, theatre, sic, and the international film tival, to become a sort of rld cultural pole of attraction. would also like to develop ther as a conference centre. d not least, it believes it has important function to fulfil a focal point in trade and investment relations between East and West Europe: trade with the German Democratic Republic has been growing at a rapid rate since 1971, though it still accounts for only 1.3 per cent. of West Berlin's exports and 3.9 per cent. of its imports (mainly building materials, farm produce, timber and lignite). Trade with the rest of the Comecon countries has also been growing, though it, too, remains a modest part of the total. But West Berlin contains an enormous amount of expertise in dealing with Eastern Europe: the city fathers believe these advantanges far outweigh, say, Vienna.

Middleman

Although Berlin insists it could not live as a sort of European Hong Kong, it still has to establish one point: whether the Soviet Union and the other Comecon countries are willing to use it as a middleman and entrepôt. So long as they remain fundamentally undecided about whether West Berlin should be left to fall one day like a ripe fruit into their laps—a simile the Soviet Union has used on occasion—or whether it can be positively useful to them, many of the present uncertainties will remain.

For in spite of the very real gains brought by the Four-Power agreement, the overriding fact of life for both visitors and residents is that West Berlin remains an island, surrounded by a country that dislikes and envies it. There is still almost nothing of the normal relationship between a great city and its hinterland. One cannot live on one side and commute to the other. One may, as a West Berliner, drive out into the attractive and empty countryside to picnic or walk in the woods, yet few West Berliners seem to wish to do so. The reason is plain enough: the Berlin Wall, coming up for its 15th anniversary this summer, remains the outward and visible sign of East Germany's attitude towards contact between its citizens and West Berlin. The watch towers, searchlights, guard dogs and ceaseless patrols make West Berliners understandably sceptical about talk from East Berlin of normalising relations.

West Berliners have hardly been surprised at the slow rate of progress since the Four-Power agreement on the wide range of technical accords intended to follow. The city is probably the last place to harbour false notions of idealism about the detente "atmosphere": a visitor is constantly reminded that co-operation is strictly a practical matter. But for all that, the West Berlin Senate feels it has no choice other than to press on, through a permanent joint commission with the GDR authorities, on such issues as legal, cultural and scientific co-operation, the re-opening to West German barges of the Teltow Canal, and the lifting of the East European boycott (not wholly effective) on attendance at West Berlin trade and industrial fairs. There are also plans to include the city in a proposed East-West electrical power grid.

Last summer, a meeting at the time of the Helsinki summit between Chancellor Helmut Schmidt and the East German party leader, Herr Erich Honecker, was supposed to have given a fresh political fillip to all these discussions. Yet a few days ago the mayor of West Berlin, Herr Klauss Schutz, was driven to complain publicly that the GDR had put them all on ice—a remark which prompted Moscow Radio to call him a "false Messiah" who was trying to initiate a "new crusade against the GDR."

West Berliners have trouble trying to decide whether the lack of progress in the discussions with the East Germans is merely a reflection of the slow workings of the GDR's bureaucracy, or whether it carries a deeper political meaning. Officially, the Social Democratic—Free Democratic coalition Government in the Berlin Senate remains hopeful. But privately, many politicians believe they detect the skilled hand of Mr. Pyotr Abrassimov, the Soviet Ambassador to East Germany and member of the Moscow Politburo, who is back for his second tour of duty in the city.

There have certainly been a continual number of pin-prick incidents on both the practical and the diplomatic level, some of them so petty that they scarcely cause a ripple outside the West Berlin Senate and the three allied military missions whose function is to safeguard the Western interpretation of West Berlin's status. Whether Mr. Abrassimov and his staff, in their forbidding grey office-block just on the eastern side of the Brandenburg Gate, are actually orchestrating a campaign is impossible to tell. But the Soviet Union has clearly not abandoned its long-standing diplomatic goal of trying to get West Berlin to conclude agreements with the GDR at governmental level. The point at issue here is that, in the Western view, Berlin is not the "special entity" that the Soviet Union believes, and thus must leave the signature of treaty documents to the Western allies or to the Federal Government in Bonn.

Thus far, the Soviet Union has remarkably little to show for what amounts to a policy of subtle attrition. What of its longer-term aim, the so-called "ripe fruit" theory?

For the time being, there can be no doubt that the West Berlin economy is in very fair shape. Last year it fared better than the Federal Republic, of whose economic structure it forms an integral part, during a period of steep recession. Its gross product fell by 1.8 per cent., as against West Germany's 3.4 per cent., while its unemployment rate stayed at an average 3.7 per cent. compared to 4.7 per cent..

Much of West Berlin's economic resilience seems to be a consequence, ironically, of its physical isolation. Because of high transport costs, it has specialised in a bewildering variety of high-technology, highly capital-intensive sectors that seem to have stood up fairly well against the general slowdown in activity. Thus it has little of the motor industry, West Germany's prime casualty in the export slump, but is a world leader in such industries as pharmaceuticals, electronics and precision engineering, to name only a few. The city has also achieved historically higher productivity growth than the Federal Republic as a whole, and it continues to achieve a high rate of investment.

Yet Berlin has a nagging long-term economic problem in the shape of its population structure. A study last year by the highly-regarded German Institute for Economic Research, which has its headquarters in the city, projects a decline in the West Berlin population from just over 2m. now to between 1.6m. and 1.8m. by 1990, with a middle figure of about 1.7m. most probable. Part of this trend is explained by the factors tending to reduce big city popualtions elsewhere, and part also by the fact that West Berlin has a third fewer children under 15, and 50 per cent. more people over 65, than the West German average. While the cliché that West Berlin is "an old people's town" is no doubt exaggerated, there does remain uncertainty about how many younger people will make their lives there. The institute's study concluded that, in any event, the net gain of 15,000-20,000 wage-earners that would be needed to keep the West Berlin population constant is most unlikely to occur.

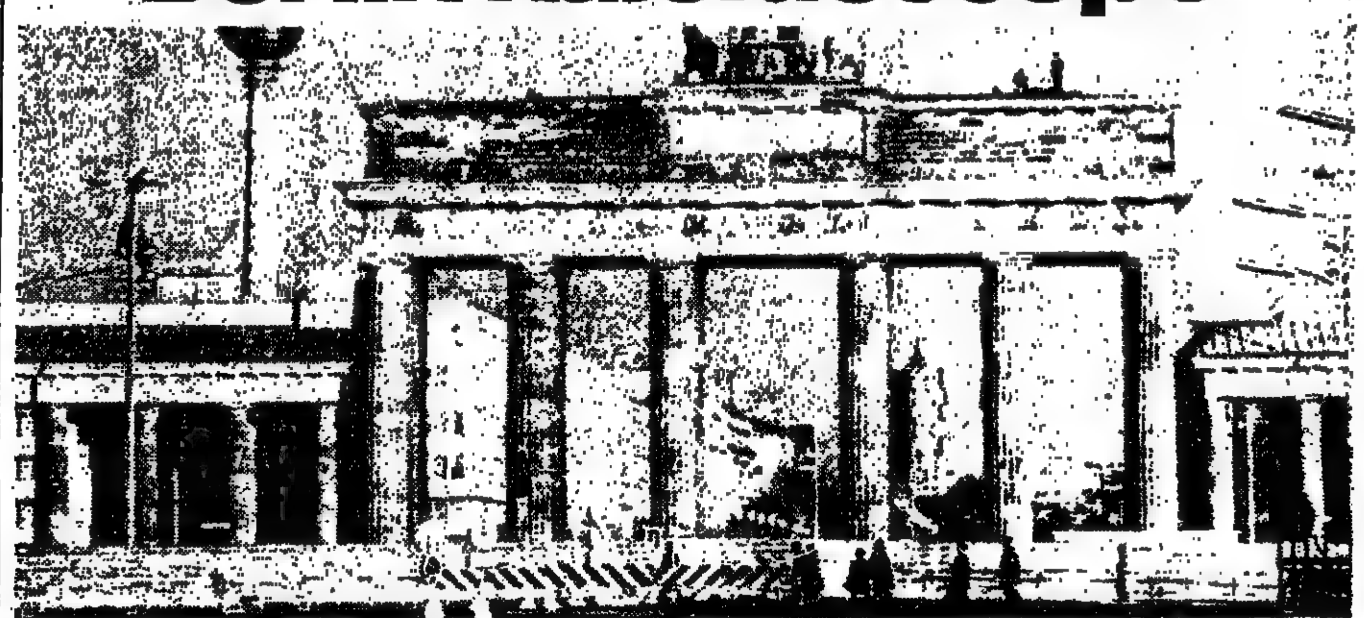
There is also the uncomfortable fact that West Berlin's dependence is growing on Bonn. The Federal Government's total outlays on behalf of the city are difficult to assess, but the German Institute for Economic Research has calculated that this year's total direct loans and subsidies will be DM6.4bn.—a steep increase from DM2.3bn. a decade ago. Federal assistance would thus come to 45 per cent. of the West Berlin budget.

Assistance

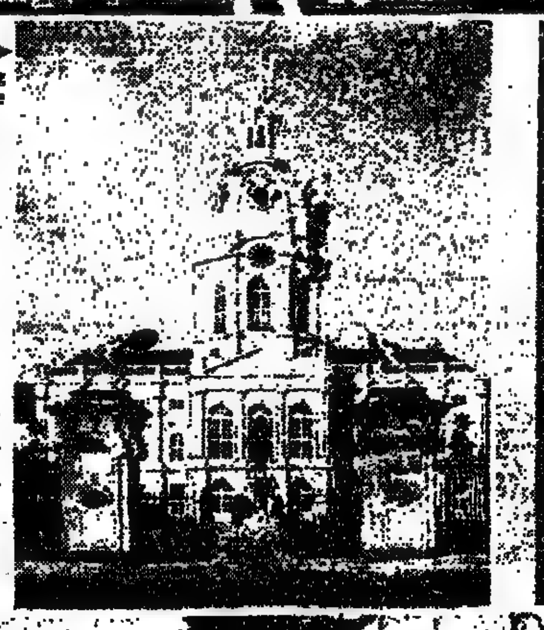
Most of Bonn's assistance goes in the form of the investment premium, business depreciation, tax rebate and other similar incentive measures that it allows the city. In addition, there are large sums to pay to East Germany for the transit routes, to the three Western allies for the cost of their presence in West Berlin, and for the above-average number of Federal pensionable employees—though it is only right to note that some of these costs would be unchanged if the recipients lived elsewhere in the Federal Republic.

There is no evidence that either the politicians on the Rhine or the average West German taxpayer grudges these sums, but they do seem likely to increase steadily the Bonn Government's involvement in the city's affairs. But that, in the end, might be no bad thing if it accentuates what both Berliners and West Germans firmly want—an end to the talk of Cold War and a strengthening of the links to the Federal Republic, even while the tricky business of trying to live with the East is slowly pursued.

Berlin Kaleidoscope



The Brandenburg Gate - Berlin's most famous landmark, the border between east and west.



The Charlottenburg Palace—built for the Electress Sophie Charlotte in the 17th century. Now a museum and also used for official receptions.

Berlin's most famous inhabitant - Queen Nefertiti. The priceless lime-stone bust, which dates from 1350 BC is housed in the Egyptian Museum.

View of the Havel lakes. Two-thirds of Berlin is taken up with woods, parks, gardens, rivers and lakes.

Pictures supplied by the Press and Information Office of Land Berlin.

Economic integration pays off

WEST BERLIN'S integration in the West German economy has seldom been driven home as clearly as in the current recession. This is not to say that the vulnerable city has done worse than the Federal Republic, as might have been expected. In fact, West Berlin's gross product last year fell in real terms by 2 per cent. compared with a drop in GNP of 3.5 per cent. in West Germany based on 1962 price levels.

Diverse factors have combined to permit such a relatively good performance in a year of tumbling indicators for most economics. One of the most potent influences has been the least apparent to the West Berliner. Quietly, and with the encouragement of the Bonn Government, West German industry has been placing orders with West Berlin's factories that otherwise might have gone elsewhere. The very closeness of the myriad links between companies in the city and those in West Germany prevent such orders from being quantified. But as one West Berlin industrialist suggests, the "dimensions of this current co-operation between both of us would surprise many people."

West Berlin's dependence on West German fiscal support, some DM6bn. worth annually, is well known as is the system of tax write-offs and incentives for companies to produce in the city. These subsidies, however important they are, were not what was needed in a period of recession to stimulate West Berlin industrial production and encourage future investments in plant and equipment. In December, 1974, when the West German economy was headed full tilt into the doldrums, an extraordinary meeting took place in West Berlin of Government and industrial notables.

Chancellor Helmut Schmidt personally attended what was described as a "talk on Berlin's economic problems." The outcome was that 36 of the largest West German companies with and without major interests in West Berlin appointed Berlin representatives, in most cases board members, whose task was to see that the city was "kept busy" as one participant described it later. Herr Schmidt had little prodding to do as the assembled industrial leaders, cabinet ministers and Berlin officials were fully aware of the psychological importance of maintaining West Berlin's economic welfare.

Comparisons

A few comparisons between the outlook for West Berlin's industrial performance this year and the results in 1975 indicate what the powerful alliance of Government and industry to assist West Berlin set out to achieve. The city's gross domestic product is expected to rise four per cent. in real terms above last year's DM39bn. compared with the two per cent. fall last year. GNP dropped 3.5 per cent. in the Federal Republic. West Germany, it is calculated, will do somewhat better with a five per cent. increase in its GNP this year.

Unemployment in West Berlin averaged 3.7 per cent. last year compared with 4.7 per cent. in West Germany. One explanation is the high proportion of city employees in West Berlin in relation to industrial workers. The public sector and industry each employed 195,000 West Berliners last year, a loss of 70,000 workers since 1970.

The estimates for West Berlin's unemployment level this year are somewhat higher, but not much. Retirements among the city's over-aged population meant a reduction last year in the number of industrial employees of 20,000 persons or, ten per cent. fewer than worked in 1974. In addition, the excess of native Germans leaving the city over those coming to Berlin plus the surplus deaths over births will probably be greater than last year's population drain of 39,000.

Thus, what appears at first to be a favourable trend in the unemployment figures turns out to be a severe population loss that is accelerating. Much will depend on the decisions of 180,000 foreign workers and their families who, for the first time, have also begun returning home in greater numbers than they come to West Berlin. The current population of West Berlin, 2,085,000, is expected to dip by 1,750,000 by 1990 according to one unpopular projection here which assumes the city will not offer much of a lure to young West Germans. The implications for industrial development are serious but, as some other dire forecasts made in the past about West Berlin's future, this one might just contain too many imponderables.

Productivity

On the brighter side, productivity has risen in West Berlin at a higher rate than in West Germany. Last year it went up by 2 per cent. in the city compared with a decline of 0.2 per cent. in the Federal Republic. One plan being considered in the city is to encourage the service sectors in Berlin, utilising the entire West German market. The belief is that this would be less labour-intensive and would not depend on construction of new industrial plant which is limited by the confines of West Berlin. The prevailing feeling in local industry, however, is that the city must retain its large industrial base although changes in the composition of output will occur.

An analysis of current orders is said to reveal that the electrical and engineering sectors, which together make up 38 per cent. of West Berlin manufacturings can expect a decisive improvement over the past year's poor showing. The statistics for November already began to reflect a revival, with capital goods production up 11.1 per cent. over the previous month.

West Berlin's special attraction for food processors and cigarette manufacturers gives these branches 21 per cent. of total industrial turnover. Incentives such as income tax and corporation tax reliefs, value added tax preferences, special depreciation and contributions to investment have, in recent years, led to some rather incongruous businesses creeping in among the otherwise solid industrial activities found in the city. Roughly 25 per cent. of the coffee consumed in West Germany is now roasted in West Berlin while an equally disproportionate amount of the meat consumed in the closest West German state of Lower Saxony is halved and quartered in West Berlin in slaughterhouses. The reason for hauling sacks of coffee and carcasses all the way to West Berlin and back again lies, of course, in the considerable value added tax advantages offered by the city. These are to be reduced for certain products to discourage undue advantage being taken of Berlin's "Aid to Industry" Law.

Although deliveries to the surrounding German Democratic Republic make up less than 2 per cent. of West Berlin exports, the other Comecon countries last year took just over 8 per cent., a sharp rise and a welcome boost to West Berlin industry.

Shipments to West Germany, which takes 70 per cent. of the city's industrial output, do not count as exports.

Forerunners

The nucleus of an East-West co-operation centre in West Berlin is being created to serve the many medium-sized Western firms which want to trade with Comecon countries but do not have the expertise. The centre, which will also be made available to non-German Western companies, is designed to profit from the experiences of other West German companies which have been forerunners in developing forms of co-operation in trade with the East. The location of the centre in West Berlin, it is felt, will be an advantage as citizens of Comecon countries can enter the city from East Berlin without a visa.

Herr Otto Wolff von Amerongen, president of the German Chamber of Commerce (D[...] and the Eastern Trade Con[...] sion of German Industry i[...] man behind the co-oper[...] centre which he has reaso[...] believe will be joined [...] permanent representatives [...] Comecon countries.

One major project under [...] cussion with the East, [...] delivery of electric powe[...] West Berlin and northern [...] Germany, from nuclear p[...] to be built by West Ger[...] companies near Soviet Kal[...] grad, is in a state of suspe[...] at the moment. Technical [...] continue, but some stub[...] political and financial bar[...] remain. The West Ger[...] want the power lines to cro[...] West Berlin, with installat[...] enabling electricity to be fe[...] the city from the West in [...] event of a breakdown s[...] where along the eastern gri[...] present, the city generate[...] its own electricity and still p[...] to remain self-sufficient [...] some time to come.

Leslie C[...]
West Berlin Correspon[...]

East-West wrangling

THE WORLD at large regards the "Berlin problem" as solved, a Cold War fossil put to rest by the signing in 1972 of the Four Power Berlin agreement. Nearly four years later, though, West Berliners are nagged by some serious doubts.

They see the Soviet Union chisel away at the weakest link in the quadripartite accord, the key section on the political relationship between West Berlin and West Germany. Even before the signatures were dry on the Berlin documents it was apparent that only monumental vagueness here had enabled the West and the Russians to reach agreement.

At the heart of the present dissension lies Part II, B, of the accord saying the "ties between the Western sectors of Berlin and the Federal Republic of Germany will be maintained and developed, taking into account that these sectors continue not to be a constituent part of the Federal Republic of Germany and not to be governed by it."

Predictably, the Soviet Union has put all its weight up to now behind the two "nots." The Russians have adamantly refused to accept the principle that West Berlin's ties to West Germany can be developed. They regard the Berlin agreement as applying solely to West Berlin and, as one Western diplomat notes, "from this they claim the right to be consulted and have a veto in West Berlin affairs." Thus, while the Soviet Union has accepted the inclusion of West Berlin in certain agreements between Communist countries and West Germany, it has denied it in pending bilateral agreements on culture, legal assistance and technology.

Similarly, the Russians have objected vigorously to trips to West Berlin by West Germany's Foreign Minister. On one such occasion last year, Herr Hans-Dietrich Genscher accompanied Dr. Henry Kissinger on a brief visit to the city which was construed by the Soviets as performing an official act in West Berlin contradicting Part II, B, of the four-power agreement.

This month, Moscow delivered two blasts at West Berlin's Mayor Klaus Schütz over Radio Moscow and in the Soviet Communist Party newspaper Pravda. His recent remarks that Berlin symbolised German unity and his criticism of the German Democratic Republic for not living up to the Helsinki Agreements seem to have particularly angered the Russians. A Soviet phrase from the past decade, the "special political unit for West Berlin" was unearthed and thrown back at the mayor who serves as a frequent target these days of both the Soviet Union and the GDR.

The consensus among both Westerners and Easterners knowledgeable about Soviet policy in Germany is that the Russians are counting on an over-riding interest of the Western allies and West Germany in keeping out of trouble in Berlin. Testing the Western stand on Berlin, the Russians find that as a by-product they can shake the confidence of West Berliners in their support from the West.

Ignored

It appears to West Berliners that with each kilometer they travel away from West Berlin, people are progressively less able to understand the city's present situation. It is no source of consolation to them that Eastern Europe has similar feelings of *ennui* about the role of East Berlin. Part of this sense of being ignored by the West is based on the soft impact that developments in Berlin have in West Germany, not to speak of the West in general. Soviet protests over West Berlin and charges against its mayor are figuratively peanuts at a time when Westerners are confronted with their economic survival and more dramatic political developments than Berlin can offer.

For years, West Berliners were used to occupying a centre-stage position in international politics. One was assured that it was not a situation they relished, but the outsider sensed a certain pride in being the "navel of the world" as the local expression goes. "Berlin weariness" has now set in only a few hundred kilometres to the West and psychologically this is making itself felt on West Berliners. One realises how sensitive West Berliners have become over the last few years when they have also grown more fatalistic. The most extreme expression of this mood is the Berliner who will sigh and then remark that in ten or so years the city will be "taken over by the Russians." More often, though, the Berliner does not express such views aloud; he keeps them to himself.

One insight appears to have been gained in the period since the Berlin agreement. Differences in the way West Berlin officials see events in the city compared with the way they are viewed in Bonn and the capitals of the Western allies offer the Soviet Union an irresistible temptation. One West German official explains that when Moscow saw such differences emerge in the West over the issue of setting up new Federal German agencies in West Berlin it bluntly warned the West Germans and the allies that the very "foundation" of the Four Power agreement was being threatened. Bonn, in particular, is certain to be subjected to growing pressure from the Russians not to endanger greatly improved relations between West Germany and the Soviet Union by pressing for a "development" of its ties with West Berlin.

Compared with the political aspects, the sections of the Berlin agreement most directly affecting West and East Berliners have been functioning smoothly. Last year, West Berliners made over 3m. trips to East Berlin and East Germany, visiting family and friends and rediscovering their surroundings after decades of enforced isolation from the GDR. Traffic along the autobahn access routes is dispatched by East German border officials with an ease that has led tens of thousands of West Germans and West Berliners to desert the air routes between the city and the West and regularly drive across the three connecting land routes.

Further improvements in West Berlin's physical links to West Germany have now been agreed on by East and West Germany. Bonn will pay the GDR DM259m. or 60 per cent. of the cost of renewing the deeply rutted autobahn route between West Berlin and Helmstedt. The West Germans have also consented to raise to DM400m. annually the l ump sum payments to the GDR for Western use of the East German transit roads.

Crossing

In return for receiving DM51m. from Bonn, the GDR is about to start on railway improvements that will speed up train services between Berlin and West German cities such as Hanover and Hamburg to nearly the pre-war time-table. Talks have begun on reopening the blocked Teltow Canal in West Berlin that would eliminate the long detour through East Berlin for barge shipping between the city and West Germany.

Another border crossing point in the north of West Berlin is to be opened, allowing easier access by West Berli[...] to points in the GDR, S[...] dinavia and Poland.

Automatic telephone dial[...] has been reinstated betw[...] East and West Berlin afte[...] years of interruption. A p[...] agreement is imminent betw[...] Bonn and the GDR that wil[...] duce the delivery time of le[...] and parcels from weeks to d[...] All these benefits are cos[...] Bonn a great deal of money, [...] as the GDR holds the lifel[...] of West Berlin it seeks to [...] some advantage from [...] "foreign body" in its midst.

In his recent State of [...] Nation address, Chance[...] Helmut Schmidt observed [...] West Berlin's "status [...] security are guaranteed by [...] allies, America, Great Bri[...] and France. It is our job to t[...] care that its ties with us [...] maintained and strengthene[...]

Leslie Col[...]

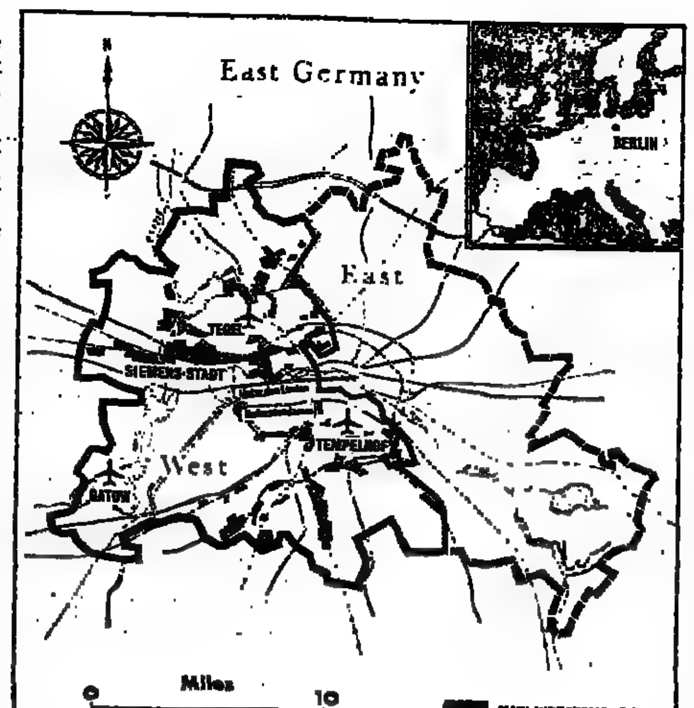
WEST BERLIN III

The city's improved quality of life

AT A TIME when more people leave West Berlin than come here to reside, it would not seem an overly appealing city. And yet, those who move to West Germany in pursuit of a better job often remark that if all things were equal they would prefer living in Berlin.

Berlin is possibly one of the few large cities where the quality of life has improved for the majority of its residents. As the capital of Germany it was afflicted with many of the ills that often make life a trial in any metropolis where power is concentrated. In the early post-war period, it was mainly an overwhelmingly shabby city, although its inhabitants were still inspired to think they had a special role to play in divided Germany.

Deep down, most Berliners today realise the two Germanys will be around for a long time to come. But they are convinced they still have a special part to play and are hardly the ones to retreat into modesty. They remain an abrasive lot, the Berliners, and this is one quality that certainly unites them across the Wall. The proverbially high-strung, big-mouthed Berliner with a heart of gold deep inside often unloved in both republics, Federal Germany in the West and German Democratic in the East.



Now that Berliners have stopped living in a waiting room to be reunified they are coming to realise how well off they actually are by most urban standards. Both German states have pumped vast sums of money into making their parts of Berlin showcases of a sort. West Germany began earlier but the German Democratic Republic is now engaged in an enormous building programme in East Berlin that is resettling an entire population into spanking new dwellings, one as good as the other and nearly all with the same view.

Critics of West Berlin's newness and artificiality will have something to ponder in "Berlin, capital of the GDR" as it is officially called. Apart from a string of satellite cities built inside East Berlin, the latest effort is a wall of shiny white apartment towers running parallel to the Berlin Wall. The view of West Berlin is thus effectively cut off for a large area of East Berlin and it is a pretty decayed part of West Berlin at that.

West Berlin, with its plethora of Bauhaus architecture imitations, is physically not one of the more attractive European cities, despite its extensive lakes and woods. Berlin buildings were traditionally big but not very subtle. West Berlin's huge State Library, costing hundreds of millions of marks and still growing, seems quite interchangeable with East Berlin's vast new Palace of the Republic, housing Parliament and what are bound to be Europe's largest restaurant and cafe. Both Berlin structures are designed along the lines of Mussolini's *Terminale* in Rome.

Reconstructed

But East Berlin does have its grand avenue, Unter den Linden, lined by some very handsome reconstructed buildings and rows of trees. West Berlin's Kurfuerstendamm, one of Europe's longer boulevards, is pleasant where the old buildings have been restored, and is one of the few German boulevards that is alive into the night. Visiting foreigners are sometimes impressed by the air of luxury that now pervades the Kudamm, a distinct change from a decade ago when shop windows here still had a bargain basement quality.

If Berlin has nothing else, then it is pubs of the variety called *Kneipe* in Berlin which in some neighbourhoods are as thick as three to a city block. The *Kneipen* tend to be earthy affairs that rarely close before four in the morning, earlier in East Berlin. Lately, though, they've begun dressing up the drinking places in Berlin, turning them into pseudo-English clubs in West Berlin and imitation Hungarian *Csardas* in East Berlin.

On the writer's first visit to Berlin in the early 1950s the entire city was filled with three distinct odours, that of inferior petrol, disinfectant and deep-fried pork schnitzel. To-day, the schnitzel can still be smelled sizzling at Sunday noon all over Berlin. However, restaurant fare, at least in West Berlin, is a real surprise. With the outflow of vacationing Berliners to all corners of the globe and the inflow of foreign workers, Berlin has experienced nothing short of a gastronomic putsch.

West Berlin is now chock-full of tempting restaurants serving superb international cuisine often in imaginative surroundings and at reasonable prices.

Whereas 20 years ago the city was blanketed by eating places proclaiming *Bürgerliche Küche* (quite different from the French bourgeois namesake), to-day German food is hard to find on restaurant menus.

West Berlin's two main universities. The Free University with 31,000 students and the Technical University with 21,000, have calmed down considerably since the late 1960s and early 1970s when up to five demonstrations a day and at least one weekly stone-hurling confrontation with the police was part of the curriculum. At the moment, students appear more concerned with survival, primitive cults and the wherewithall for their next holiday in Crete than with militant politics.

They are showing a renewed interest in their families, with the many West German students here maintaining closer ties with their parents than was the case a few years ago. The concentration of young West German academics in West Belin—males, incidentally, are not subject to serve in the West German *Bundeswehr* as long as they reside in West Berlin—gives the city its reputation as an academic manpower centre for the West German economy. For career reasons, though, few of the students find they are able to remain in West Berlin after getting their degrees.

The foreign contingent in West Berlin, about 180,000, largely Turks, Greeks, Spanish, Yugoslavs and Italians, has strongly altered the former Prussian flavour of Berlin. Great stretches of West Berlin in the Kreuzberg and Wedding districts—where Bertolt Brecht's proletarian Germans really did live—have been taken over by mainly Turkish families. Unlike the immigrants of London, Paris or New York, most of the *Gastarbeiter* in Berlin believe their time has begun to run out. West Germany has no tradition of immigration and is anxious to have most of the foreigners return home now that it is saddled with its own unemployment problem. Yet, many of the foreign workers at the great Siemens, Borsig and Telefunken AEG plants in West Berlin have been here with their families for years and feel themselves to be Berliners if not Germans.

A ride on the East Berlin underground the morning after a night out in West Berlin, perhaps best points out the changes that have taken place in Berlin. West Berlin has shed some of its heavy postwar burden and become a lighter, more enjoyable place. In East Berlin, the many faces with concentrated expressions one sees and the orderliness of everything from freshly-scrubbed faces to uniformed men and women at every entrance and exit, speak of a newly created capital city that it working hard to make its mark on the world.

Leslie Colitt

Conference centre

ID ALL the discussion of a "role" for Berlin, the city lready pressing ahead with k to expand dramatically its vity in one area where it won a solid record of success e international congress, bition and trade fair busi-. At a cost of some DM755m. s building a new congress re adjacent to the existing kturm exhibition grounds, hopes to use it as the spring-'d to jump into a leading tion among German cities l indeed those in the rest of world) as an international erence city.

l being well, the Berlin re should be ready to ive its first visitors in a , over three years. To onstrate its confidence that work can be completed on , the Ausstellungs-Messe-gress company (AMK) ex-s to be able to take firm ings for April, 1979, within next few weeks. The Berlin te will issue guarantees the centre will be ready, in fact is expected to give backing to several events sored by AMK itself, which also serve the purpose of ging the new facilites into ation.

pacity

t the new centre was a long winning political backing the city, and many polis continue to fear that it be a white elephant. Their vations stem from the high of the centre, its large pro-d capacity, and the fact in the existing Congress at the opposite end of n in the Tiergarten, the has already got a modern well-equipped forum for national conferences.

political debate is over, as construction proceeds e new conference centre, is no further doubt of the athers' commitment to it. need for the centre has agreed on not as means he senate to sponsor a -making enterprise, but as jor new source of employ- and secondary economic by the city as a whole. AMK officials are thus in a position to argue that the profitability of the centre will not be the primary concern, at least in its first years of operation. The main thing is that it should attract a steady flow of major events, thus strengthening and enlarging the good image which the existing Congress Hall has already created.

Berlin's gamble is an ambitious one, given the fierce rivalry that already exists among cities for the international congress business. But AMK has had studies carried out which persuade it (though it declines to give precise figures) that the trend of recent years towards more and larger international gatherings will continue. Attendances have held up during the current recession better than had been widely anticipated. Final statistics for 1975 are not yet available, but there appears to have been no significant decline in the numbers of people taking part in conferences and congresses in Germany, even though there may have been a drop in the average amount of money spent. Berlin officials want to increase the city's role as a conference centre rather than a trade fair forum precisely because of the fact that many large international conferences are held by organisations of professional people, such as doctors, lawyers or scientists, whose activities and concerns are not directly affected by the business cycle.

However, it should also be noted that Berlin's performance in 1975 as a host to industrial and trade fairs was surprisingly buoyant. Visitor figures rose by 30 per cent., with some 140,000 trade and business people among the total of 1.6m. who came to the city last year. Berlin's largest single event, the biannual International Radio and Television Exhibition, attracted no fewer than 600,000 visitors. This resistance of the international trade fair side of its business to the chill prevailing economic winds has persuaded AMK experts not only that industry is willing to keep up a high level of spending on fairs and exhibitions as a counter-cyclical device to encourage sales, but also that the longer-term growth trend may be even stronger than has been generally believed.

Interpretation

It is with all this in mind that the AMK plan for the new congress centre has been drafted on such a generous scale. It will have a total of 80 conference, discussion and meeting rooms, including a main conference hall able to accommodate 5,000 people and a second large hall with a capacity of 3,000 for conferences or of 4,000 for banquets. Flexibly designed rooms elsewhere in the building will offer space for between 50 and 400 people sitting at desks, or about twice the number without. The two larger halls can also be adapted for use with desks. There will be simultaneous interpretation channels for up to eight languages and numerous ancillary facilities. Not least, the new centre will be linked directly by a three-storey bridge building to the Berlin exhibition grounds, making the combination of a large conference with a major industrial or trade fair especially convenient. Some exhibition space will also be provided inside the conference building itself.

The new centre's site, near the existing exhibition grounds, is no more than a 10-15 minute taxi ride from the Kurferstendamm, with its hotels and entertainments. It is also close to the motorway ring that links the major West Berlin suburbs. With an approximate total of 16,000 beds in hotels and guest-houses, supplemented when necessary by several thousand more rooms in private homes, there appears to be no problem in accommodation for the largest conferences. Nonetheless, AMK planners have put up suggestions for a new 1,000-bed hotel offering middle-priced rooms for conference-goers. Were this to be built in the neighbourhood of the centre, it might offer one more advantage to Berlin's bid for a top place in the world conference league.

Currently, the city claims to lie tenth in the number of conference visitors it receives, behind Paris, London, Strasbourg, Hamburg, Chicago and New Orleans, to name some of the cities Berlin is out to beat. In addition to the new facilities themselves, what has it to offer that the competition has not?

The city's most important selling point is its situation between east and west. In economic and commercial terms, it hopes to turn itself into a natural meeting-point between the Common Market countries and the Comecon group, and to change from a symbol of east-west tension into the very opposite, a pole of attraction for business and financial relations. Whether this will come to pass, of course, is a question that lies beyond the power of the eager promoters of the conference centre—or even of the Berlin Senate itself. Clearly it will have much to do with the attitudes of the East Europeans themselves and their willingness to let the city make a new kind of living for itself.

Assuming there is no problem on this score—and ever higher East European attendance at Berlin's trade fairs suggests that this is unlikely—the city still has to make its case to the conference organising community world-wide. In addition to the advantages of location, it can point to the full range of good hotels, restaurants, theatres and other attractions that still make it, in many respects, Germany's most cosmopolitan town. It can also offer good and relatively inexpensive air connections from West Germany—a factor that more than makes up for the feeling of isolation with which many people outside Berlin still inevitably associate it. British Airways, for one, recently announced a sales campaign which it believes will bring 40,000 or more conference participants to Berlin this year, adding at least DM15m. to its economy.

Adrian Dicks

STOCK EXCHANGE REPORT

Fresh advance with emphasis on second-line equities

Index up 7 points at 407.2—Gilts make further progress

Account Dealing Dates Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 9	Feb. 19	Feb. 20	Mar. 2
Feb. 23	Mar. 4	Mar. 5	Mar. 16
Mar. 8	Mar. 18	Mar. 19	Mar. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets enjoyed another firm trading session yesterday, *with British Funds and equities* making good progress, although the emphasis in the latter sector was on secondary issues. Underlying sentiment was helped by the continued unity on economic policy between the Government and the TUC following the talks on public spending cuts. Short-dated gilts recorded fresh gains to ¼, but activity was on a much reduced scale than of late. Long-dated stocks encountered further demand in the first hour or so of business and, despite looking as though it might run out of steam, final gains of ⅜ were around the best. The Government Securities index rose 0.22 more to 63.39, for a rise of 0.58 over the last two trading days.

Fresh gains in leading Industrials ranged to 5 and the FT 30-share index rose 7 points further to 407.2. The 15.3 rally so far this week has more than erased last week's fall of 13.6. However, the general level of trade was again disappointing, although there was some further sizeable buying of selected stocks. Several good features developed on company trading statements, while the widespread advance was reflected in a 7-2 majority of rises over falls in FT-quoted Industrials. The FT-Actuaries All-Share index improved 1.2 per cent. to 168.24.

The despatch of a U.K. envoy to Rhodesia generated fresh hope of a settlement of the long-standing constitutional issue and Southern Rhodesian bonds recovered further; the 6 per cent. 1978-81 stock rose 5 points to £55 among other slightly smaller gains.

Increased offerings from both institutional and arbitrage sources in the continued absence of any real support forced the investment currency premium below 100 per cent. for the first time since mid-October of last year; down to 98 per cent. at one stage, the rate rallied slightly near the close but still showed a net fall of 3¾ more at 99¼ per cent. *Yesterday's SE conversion factor was* 0.6450 (0.6316).

Nat West up again

In very thin trading, National Westminster fared best among the big four Banks, rising 10 to 270p on satisfaction with the preliminary profits. Midland (results due Friday) improved 5 to 310p, while Barclays and Lloyds gained around 7 at 318p and 262p respectively. Among Discounts, Gillett Bros. hardened 5 to 222p ahead of to-day's results. A selective demand in Merchant Banks left Hambros 7 better at 212p and Antony Gibbs 5 dearer at 54p.

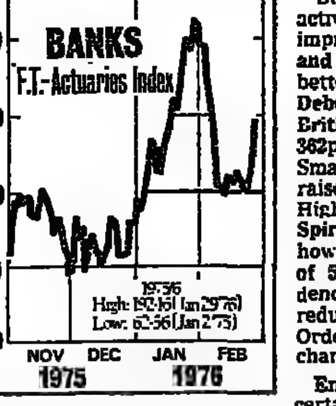
Insurances had another good day, with Sun Alliance closing 8 higher at 440p and Phoenix 6 better at 226p. "Royals" (results due next Monday) improved 6 at 326p. General Accident rose 5 to 177p. By way of contrast, Taisho Marine fell 20 to 755p.

Breweries made modest progress, with improvements of 2 seen in Allied, 71p, Bass Charrington, 108p, and Arthur Guinness, 140p. Elsewhere, Distillers hardened a similar amount to 147p.

Buildings moved higher under the lead of AP Cement, which improved 12 to 188p in active trading. R. Costain advanced 6 further to 230p, while Rugby Portland, 76p, and Tarmac, 178p, put on 4 apiece. Ellis and Everard were raised 6 to 110p, while London Brick hardened 2 to 62p and John Laing "A" moved up 3 to 108p. Against the trend, A. V. Jennings, on dollar premium influences reacted 6 to 150p.

ICI continued firmly, rising 5 more to 387p for a two-day gain of 11. Elsewhere in Chemicals, Fisons advanced 14 to 404p and modest improvements were sported by Laporte, 93p, and Stewart Plastics, 85p.

Television Contractors were inclined higher, Trident "A" closing 1½ up at 37p and Associated "A" 2 better at 74p.



Reyrolle good

Buyers continued to give plenty of attention to Reyrolle Parsons, which scored a fresh improvement of 5 at 129p. Other leading Electricals were inclined to make further progress, although business was rather quiet. EMI improved 4 more to 250p awaiting interim results, expected a week from to-morrow. After starting a shade easier on the new round of production cuts at GEC telecommunications, GEC regained their poise and ended a net 3 higher at 154p. BICC, however, closed a shade down at 120p, while Plessey were unaltered at 79p. Philips' Lamp lost ¼ more to 987½p on dollar premium influences. Elsewhere, Chloride were in demand, rising 4 to 110p. The settlement of the outstanding dispute with Mr. Max Welling, the former chairman and managing director, outweighed news of the half-time profits setback and lifted Electronic Machine to 21½p before a close of a net penny up at 20p. Racal Electronics improved 10 to 240p in a thin market, and Cray Electronics added 3 at 34p.

Stores edged higher in fairly active trading. "Gussies" "A" improved 4 at 216p, while Marks and Spencer were finally a penny better at 105p, after 106p, and Debenhams 2 firmer at 96p. British Home Stores rose 5 to 362p for a two-day gain of 10. Small buying in a thin market raised Cantors "A" 4 to 34p. Higher preliminary figures took Spirella up 5 to 90p. Rosgill, however, contrasted with a drop of 5 to 16p on the interim dividend omission and sharply reduced first-half profits. Mail Orders were idle and little changed.

Enthusiasm remained for certain Engineering leaders, including Hawker, up 8 at 420p, and GKN, which put on 6 more to 314p. Tube Investments improved 4 to 338p. Glynwed were also in favour at 112p, up 4, while similar gains were established by Baker *Perkins, 66p, Samuel* Osborn, 65p, and TCK, 135p. The chairman's forecast of increased profits and current negotiations aimed at purchasing Platts Forgings helped Record Ridgway pick up 3 to 50p, but news that the accounts would be delayed slightly left Beeston Foundries 2 easier at 23p. Elsewhere APV rose 6 more to 264p, but F. S. Ratcliffe Industries fell 5 to 35p and Whitehouse lost 2 to 11p. Of the issues to be quoted ex "rights" yesterday, Triplex Foundries closed at 62p with the new nil-paid shares at 20p premium.

Cavenham featured Foods, improving to 134p before closing 5 better on balance at 132p. Tate and Lyle, still reflecting trading news, edged up 2 to 269p, while a similar gain was scored by Associated Fisheries, 27p. Meat Trade Suppliers were noteworthy for a rise of 4 to 90p. Kraftco, however, gave up 1¼ points at £33.

Johnson Matthey rise

Miscellaneous Industrial leaders gained further ground in slow trading. Rank Organisation "A," helped by yesterday's strong Wall Street opening, rose 7 to 134p, while Bowater, 186p, and Glaxo, 372p, both ended 5 higher. Buying in anticipation of to-day's third-quarter results raised Johnson Matthey 11 more to 351p for a two-day gain of 16. Press comment directed fresh attention to Thomas Witter, 3½ up at 31p, while Alfred Clough, with results due to-day, recouped 5 of the recent fall to close at 45p. ICH moved ahead 10 to 125p on small buying in a short market, while Whatman Reeve Angel improved 5 to 74p and Lamson Industries, in front of to-morrow's annual figures, gained 1½ more at 73p. Robert Stigwood, a good market of late, closed a penny harder at 41½p following news of the commencement of talks with Polygram which may lead to a bid for RS.

Motors and Distributors sported a number of firm spots. Automotive Products revived with a rise of 3½ to 51p, while gains of around 4 were scored by Henlys, 86½p, and Dowty, 163p.

Fresh demand in a thin market lifted United Newspapers, 8 further at 280p.

Properties higher

Property leaders attracted further buying interest and closed at the day's best with fresh gains extending to 5, as in Land Securities, 189p. MEPC finished 4 higher at 88p, while improvements of about 2 were seen in English Property, 66½p, British Land, 38p, and Amalgamated Investment and Property, 20p. Town and City Properties were a fraction harder at 23p ahead of Friday's first-half statement. Secondary issues also stayed on an upward tack. *Favourable Press comment on the first-half results helped* Argyle Securities to harden 2 to 47½p, while Lynton Holdings, in response to the interim report, put on 3 to 79p. Apex Properties followed Monday's Press-inspired rise of 4 with a fresh gain of 2 to a *1975-76* peak of 120p on satisfaction with the first-half profits advance and indicated dividend increase for the year.

Revived speculative interest lifted Ultramar 6 to 184p, but leading Oils did little more than quietly follow the general movement in equities. Shell gained 4 to 390p and British Petroleum 3 to 593p, but Burmah eased 1 to 48p, after 47p. Among the North Sea-orientated issues, Tricentrol improved 4 more to a fresh 1975-76 peak of 64p. Investment currency influences, however, weighed heavily on overseas stocks and Royal Dutch slipped ¾ more to £33¼, while Sunningdale fell 70 to 585p and Pan Ocean 45 to 800p. Ranger gave up ¾ to £77¼.

Among irregular Overseas Traders, South African Distilleries and Wines, on the African situation, weakened 30 to 315p. Sime Darby, 118p, reliquished the previous day's improvement of 4, but Ocean Wilsons gained 5 at 100p. The profits upsurge left African Lakes Corporation 5 better at 125p.

Trusts and Financials moved in no set direction. Dollar premium influences left Jardine Securities, 136p, and Challenge Corporation, 152p, both 7 lower. Lampa Securities, however, edged forward 2 more to 118p and Williams Hudson were similarly better at 17½p.

Shippings encountered a lively business yesterday and closed firmer for choice. Awaiting further developments on the bid situation, Felixstowe Dock picked up 4 to 139p, while renewed speculative interest left Furness Withy 3 up at 220p.

A selective demand left some useful gains in Textiles by the close. Nottingham Manufacturing were outstanding, rising 10 to a 1975-76 high of 78p on the much better-than-expected preliminary profits. Press comment on the half-year figures left Bond Worth 2½ to the good at 58p. Sidlaw Industries found support at 70p, up 4.

A fairly good business in the Tobacco majors left Bats 7 up at 360p.

South African Industrials succumbed to a revival of selling on fears about the political situation in S.W. Africa. OK Bazaars "A" were lowered 60 to 550p, while falls of 7 and 16 respectively were sustained by Primrose, 133p, and Anglo-Transvaal Industries, 120p.

Companies involved in the James Finlay/McLeod Russel reorganisation continued to give ground. Cessnock receded 5 at 240p as did Consolidated Tea and Lands to 330p, while Teith and West Nile both gave up 10 to the common level of 395p. Among Rubbers, Guthrie rose another 6 to 190p. Following the recent reconstruction involving the hiving-off of Gadek Indonesia, dealings began yesterday in Gadek Malaysia (formerly Gadek Rubber Estate); the 10p shares opened and closed at 30p.

De Beers down again

African mining shares continued to reflect the political uncertainties in that continent with shares retreating across a broad front. Also having an adverse effect was the fall in the investment dollar premium.

De Beers continued to lose ground, dropping a further 18 to 245p—a fall of 79p since February 6—reflecting the interests in South West Africa which contribute around a third of the company's profits. Anglo American were also a weak market, a further 8 to 287; the com[pany's] 1975 results are due any d[ay].

Other South African Fin[ancials] to move lower included [...] Corporation, 10 lower at [...] Anglo-Vaal, which fell ¾ [...] GFSA and "Johnnies" we[re] ¼ down at £17 and £15¾ [respec]tively.

London-based Financials [how]ever, were steady reflecti[ng the] firmness of U.K. Industria[ls.] Tinto-Zinc gained a furth[er ...] 197p.

South African Gold shar[es fell] to their lowest levels sinc[e Dec]ember 21, 1973 (the Gold [Mines] index lost 5.5 to 189.8) ow[ing to] the fall in the investment premium and technical con[sidera]tions. The metal price was 75 cents better at $132.[...] ounce, its highest closing since January 15.

Among heavyweight falls ranged to ¾ in Vaal [Reefs] *(£15¾)* and President [Steyn] (£15¼).

Australians were generall[y ...] although interest was agai[n dam]pened by the lower inve[stment] premium. BH South impr[oved ...] to 175p on considerations [of the] phasing out of the loss-m[aking] Kanmantro copper mine in [South] Australia. EZ Industries, ho[wever,] gave up 10 to 350p followi[ng] reduced half-year profits an[d divi]dend.

Tins continued to rise [in line] with the metal price.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues. Feb. 24, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday Feb. 23 Index No.	Friday Feb. 20 Index No.	Thurs. Feb. 19 Index No.	Wed. Feb. 18 Index No.	Year ago (approx.) Index No.	1975/76 High	1975/76 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	152.08	+1.4	15.15	5.61	9.99	9.99	149.89	146.38	149.42	150.94	95.45	155.06 (30/1/76)	51.78 (6/1/75)	205.57 (4/5/72)	50.71 (13/12/74)
2	Building Materials (29)	144.60	+2.1	11.62	6.05	13.33	13.32	141.69	138.49	142.51	143.58	86.55	150.18 (15/1/76)	45.11 (6/1/75)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	236.89	+1.9	14.79	4.13	10.56	10.56	232.37	228.17	232.38	235.46	167.29	263.54 (15/11)	74.74 (6/1/75)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	267.12	+1.8	16.33	4.47	8.97	8.97	263.64	255.52	260.78	261.31	177.24	273.62 (2/2/76)	96.49 (2/1/75)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	171.76	+0.8	19.03	6.67	8.54	8.54	170.45	165.59	169.55	170.16	114.84	181.38 (30/1/76)	64.39 (2/1/75)	202.57 (8/6/72)	64.39 (2/1/75)
6	Engineering (General) (63)	137.66	+1.2	16.11	5.16	9.31	9.30	136.02	133.62	135.82	136.49	81.70	138.55 (6/2/76)	45.43 (6/1/75)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	56.68	−0.2	14.89	6.60	12.10	12.10	56.80	55.56	56.19	56.57	33.62	57.59 (13/2/76)	20.11 (2/1/75)	156.70 (4/7/69)	19.96 (13/12/74)
8	Miscellaneous (25)	132.45	+1.0	15.61	6.34	9.72	9.72	131.16	128.60	129.84	130.75	65.90	133.69 (30/1/76)	49.65 (6/1/75)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	135.63	+1.0	15.66	4.60	11.03	11.02	134.25	130.40	132.46	133.12	66.95	135.65 (24/2/76)	38.39 (6/1/75)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	152.33	+0.7	12.53	3.51	11.94	11.93	151.35	146.33	149.77	150.45	80.06	152.60 (4/2/76)	44.28 (6/1/75)	257.41 (19/5/72)	42.65 (12/12/74)
11	Household Goods (14)	183.97	+0.5	15.46	6.00	10.99	10.96	183.40	179.06	179.42	179.80	108.54	183.97 (24/2/76)	64.55 (6/1/75)	253.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (27)	80.93	+2.0	15.66	5.79	9.82	9.82	79.37	77.50	78.23	78.83	33.41	80.93 (24/2/76)	19.91 (6/1/75)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	158.26	+1.1	13.21	5.56	11.20	11.09	156.57	153.40	155.67	157.01	109.42	162.94 (6/2/76)	61.96 (6/1/75)	226.08 (16/3/72)	61.41 (13/12/74)
14	Breweries (15)	171.00	+1.8	13.19	6.31	11.37	11.37	168.02	164.39	167.64	170.72	129.76	179.43 (2/2/76)	75.58 (6/1/75)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	180.00	+1.1	10.28	5.60	14.76	14.76	178.11	175.84	179.41	180.48	128.04	185.67 (2/2/76)	80.42 (6/1/75)	257.40 (13/7/72)	78.81 (13/12/74)
16	Entertainment, Catering (16)	203.56	+1.2	10.92	5.98	14.65	15.98	201.55	195.79	199.39	201.85	105.94	208.60 (5/2/76)	58.28 (6/1/75)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	166.87	+0.5	12.76	4.95	11.02	10.94	166.07	162.69	165.52	165.85	115.55	174.05 (4/2/76)	62.05 (2/1/75)	211.65 (1/5/72)	59.78 (11/12/74)
18	Food Retailing (16)	144.35	+1.9	11.21	4.80	12.95	12.95	141.65	138.84	139.47	139.61	107.27	155.88 (10/11)	57.15 (2/1/75)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	183.15	+1.6	12.52	5.59	12.16	12.16	180.26	177.89	179.44	179.81	107.51	183.15 (24/2/76)	55.06 (6/1/75)	250.29 (18/1/72)	55.06 (6/1/75)
20	Packaging and Paper (13)	110.76	+0.7	19.69	6.89	7.56	7.56	109.99	108.18	109.15	108.93	78.89	111.44 (4/2/76)	45.46 (6/1/75)	155.69 (28/4/72)	45.46 (6/1/75)
21	Stores (33)	154.98	+1.0	11.11	5.01	13.65	13.61	155.62	150.24	152.34	155.66	97.10	156.24 (2/2/76)	52.65 (6/1/75)	204.39 (16/8/72)	52.65 (6/1/75)
22	Textiles (22)	176.92	+0.8	13.50	6.04	9.66	9.08	177.54	170.67	174.47	175.65	103.18	183.19 (30/1/76)	62.91 (6/1/75)	253.72 (17/9/65)	62.66 (11/12/74)
23	Tobaccos (3)	222.23	+1.2	19.62	6.36	7.77	7.77	219.70	219.81	221.31	224.28	165.02	236.22 (6/2/76)	109.92 (6/1/75)	339.16 (2/8/72)	94.34 (15/6/62)
24	Toys and Games (6)	67.25	+1.8	20.28	5.91	6.87	6.87	66.05	64.54	64.80	64.52	37.14	67.25 (24/2/76)	20.92 (6/1/75)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (94)															
25	Chemicals (24)	219.01	+0.7	11.94	4.37	11.57	11.56	217.43	213.61	216.32	215.55	126.85	219.92 (4/2/76)	73.14 (6/1/75)	219.92 (4/2/76)	71.20 (1/12/74)
26	Office Equipment (10)	90.16	+2.4	14.76	5.79	10.26	10.26	88.05	86.60	87.56	88.04	90.54	104.78 (17/4)	45.34 (2/1/75)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	387.72	+1.1	15.64	6.39	6.86	6.59	385.55	380.74	383.69	386.11	307.51	432.64 (30/1/76)	194.38 (6/1/75)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (43)	169.55	+1.6	15.90	6.25	10.60	10.59	167.09	164.15	166.56	167.39	106.91	172.75 (30/1/76)	60.39 (6/1/75)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	161.16	+1.2	13.70	5.42	10.73	10.67	159.51	156.01	158.49	159.38	105.40	164.06 (30/1/76)	59.19 (6/1/75)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	339.41	+0.8	14.82	4.74	7.85	6.76	336.77	332.13	332.99	333.03	204.90	351.71 (9/1/76)	105.83 (2/1/75)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	176.14	+1.1	13.86	5.32	10.11	9.83	174.21	170.77	173.16	175.99	113.85	178.83 (30/1/76)	63.49 (6/1/75)	227.95 (16/3/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	145.41	+1.8	—	4.89	—	—	142.85	139.69	141.96	142.53	103.29	153.46 (30/1/76)	56.50 (6/1/75)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	179.24	+2.6	15.51	4.65	8.92	8.92	174.72	170.54	170.99	170.67	109.02	192.16 (29/1/76)	62.56 (2/1/75)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	180.50	+0.4	—	5.81	—	—	179.79	180.50	181.97	181.97	140.90	186.52 (13/1/76)	84.13 (6/1/75)	293.13 (3/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	125.52	+1.5	—	5.08	—	—	125.86	121.47	123.51	123.31	99.55	134.39 (10/3)	42.81 (6/1/75)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	126.60	+1.4	—	5.40	—	—	124.75	122.92	124.94	124.98	91.91	129.46 (30/1/76)	44.88 (2/1/75)	194.46 (16/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	111.34	+1.4	—	6.16	—	—	109.83	105.61	109.02	110.84	72.53	123.90 (30/5)	44.47 (2/1/75)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (9)	224.22	+1.1	9.08	4.14	16.61	16.61	221.86	220.04	221.05	221.93	180.14	232.39 (13/11)	68.95 (7/1/75)	262.37 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (17)	90.20	+1.5	—	6.11	—	—	88.87	86.54	90.11	90.16	71.49	94.97 (7/3)	31.21 (7/1/75)	276.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	185.95	+2.0	2.60	2.60	75.24	70.02	182.38	176.31	181.82	184.86	173.78	241.22 (22/4)	88.19 (7/1/75)	357.40 (9/11/73)	66.01 (20/4/65)
41	Miscellaneous (5)	89.56	+1.1	14.34	6.07	10.93	10.93	86.86	86.16	88.45	88.46	69.74	91.98 (3/2/76)	34.78 (10/1/75)	303.15 (12/5/72)	53.29 (17/12/74)
42	Investment Trusts (50)	171.04	+0.9	2.94	4.22	34.00	33.98	169.49	168.64	170.67	172.08	131.26	184.55 (30/1/76)	73.43 (6/1/75)	245.79 (25/4/72)	71.65 (13/12/74)
43	ALL-SHARE INDEX (650)	168.24	+1.2	—	5.18	—	—	166.21	162.97	165.32	166.13	111.86	172.64 (30/1/76)	62.16 (6/1/75)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS *(Not included in 500 or All-Share indices)*															
44	Rubbers (9)	455.13	+0.6	14.14	7.41	10.85	10.83	450.43	448.70	448.87	451.69	396.01	525.43 (2/5)	281.66 (2/1/75)	555.37 (25/7/74)	84.68 (25/8/65)
45	Teas (9)	125.40	−0.7	34.73	8.39	4.21	4.14	124.25	124.50	125.28	125.56	84.79	126.91 (12/2/76)	76.76 (10/1/76)	126.91 (12/2/76)	59.72 (17/10/74)
46	Coppers (3)	237.94	−1.5	41.60	7.25	2.40	2.40	240.69	242.11	237.87	236.45	448.79	467.74 (27/5)	231.72 (15/2/76)	667.78 (15/1/74)	94.08 (29/4/62)
47	Mining Finance (11)	99.06	−0.9	11.86	5.05	9.53	9.53	100.61	99.98	100.65	99.94	111.31	141.54 (30/5)	[illegible] (22/1/75)	175.90 (22/4/69)	66.31 (30/9/74)
48	Tins (8)	97.49	+2.3	12.83	9.26	11.12	10.44	95.29	92.27	95.06	93.72	84.54	114.49 (13/5)	58.91 (8/1/75)	125.43 (12/1/76)	54.83 (27/6/71)
49	Overseas Traders (13)	236.61	+1.0	14.28	4.34	9.14	9.13	234.81	231.27	232.36	232.52	175.44	252.23 (20/5)	97.37 (6/1/75)	252.23 (20/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday, Feb. 24 Index No.	Tuesday, Feb. 24 Yield %	Monday Feb. 23	Friday Feb. 20	Thurs. Feb. 19	Wed. Feb. 18	Tues. Feb. 17	Monday Feb. 16	Friday Feb. 13	Year ago (approx.)	1975/76 High	1975/76 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.68	13.77	13.85	13.66	13.56	13.55	13.55	13.53	14.90	—	—	—	—
2	20-yr. Govt. Stocks (6)	51.01	†12.78	50.82	50.42	*51.03	51.47	51.49	51.31	51.46	47.62	53.45 (30/1/76)	38.27 (3/1/75)	115.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	50.66	†14.59	50.58	50.75	*50.80	50.83	50.85	50.87	50.84	45.12	51.46 (4/2/76)	37.01 (3/1/75)	115.43 (25/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	49.80	13.89	49.80	50.80	51.25	51.23	50.85	49.81	49.81	42.91	51.23 (18/2/76)	36.35 (3/1/75)	114.41 (13/9/63)	34.46 (4/12/74)
5	Coml. and Indl. Prefs. (20)	68.47	13.67	68.40	68.81	69.22	69.10	69.07	69.06	68.99	60.80	71.97 (2/2/76)	47.67 (6/1/75)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.75	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	152.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20	† Redemption yield.		

calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p. By post 20p. FT-Actuaries indices are [...] * Corrected.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975/6 high	1975/6 low
ICI	£1	18	387	+5	387	118
De Beers Dfd.	R0.05	14	245	−13	335	161
Intnl. Computers	£1	14	125	+10	133	39
P. & O. Defd.	£1	14	98	+1	128	59½
Assoc. P. Cement	£1	11	188	+12	202	84
Burmah Oil	£1	11	48	−1	100	27
T'ner & N'all 'New'	Nil/pd.	11	18*	—	19*	18*
Barclays Bank	£1	10	318	+8	330	112
Marks & Spencer	25p	10	105	+1	128	47½
RTZ	25p	10	197	+2	211	80
Dunlop	50p	9	83	+1	83	17
GKN	£1	9	314	+6	315	95
Nat. Westminster	£1	9	270	+10	290	88
Reed Intl.	£1	9	274	+4	297	124
BSG Intl.	10p	8	23½	+½	24	4

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 17	Mar. 1	May 13	May 25
Mar. 2	Mar. 15	May 27	Jun. 9
Mar. 16	Mar. 29	Jun. 10	Jun. 22

"Calls" were dealt in Cavenham Warrants, Burmah Oil, Mettoy, Lonrho, Federated Land, Anglo Continental, William Press, Town and City, International Computers, R. Stigwood, Burton "A," Charterhall Finance and Thos. Witter. No "puts" were reported, while "doubles" were arranged in British Land, Reyrolle Parsons, Burmah Oil, Federated Land and Town and City.

Industrials							
		Guardian	20	Spillers	5	Shell	25
		G.K.N.	32	Tesco	5	Ultramar	20
A. P. Cement	15	Hawker Sidd.	55	Thorn "A"	20		
Assoc. Leisure	5	House of Fraser	6	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	21	Unilever	40	Anglo Amer.	50
Beecham	28	"Imps"	7	Utd. Drapery	10	Charter Cons.	16
Boots Drug	12	I.C.L.	14	Vickers	15	Chart'rh'll Fin.	6
Bowaters	16	Inveresk	7	Williams Hud'n	4	Cons. Gold	16
B.A.T.	30	Legal & General	15	Woolworths	6	De Beers Def.	35
British Leyland	7	Ladbroke	11			F. S. Geduld	350
BOC Int.	5½	Lloyds Bank	22	Property		Great Boulder	18
Burton 'A'	7	"Lofs."	5½	Amal. Inv.	3½	Hampton Areas	12
Cadburys	6	"Mams"	6	Brit. Land	4½	Hampton Prop.	4
Courtaulds	11	Marks & Sp'ncer	10	Cap Counties	3½	Kloof	100
Debenhams	8	Midland Bank	22	E.P.	8	Lonrho	12
Distillers	15	Nat'l West Bank	20	Land Securities	16	Loraine	55
Dunlop	7½	"Do" Warrants	10	MEPC	10	Poseidon	55
Eagle Star	15	P & O Dfd.	11	Peachey	5½	Pres. Steyn	200
E.M.I.	17	Plessey	8	Town & City	5½	Rio T. Zinc	17
Gen. Accident	16	R.H.M.	6	Town & Comm.	4	Welkom	55
Gen. Electric	15	Rank Org. 'A'	18			West Areas	40
Glaxo	35	Reed Int'l	28	Oils		Western M'ng.	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. 'A'	17	Slater Walker	4½	Burmah Oil	7		

MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 9¼ per cent. (since February 6, 1976)

Day-to-day credit was in good supply in the London money market yesterday and the authorities sold a small amount of Treasury bills to the Discount houseshouses to absorb surplus funds. Banks carried forward surplus balances, and the market was also helped by maturing Treasury bills. On the other hand revenue payments to the Exchequer exceeded Government disbursements, and there was an increase in the note circulation.

Discount houses paid 8½-9 per cent. for secured call loans in the early part, and after rates had eased to around 8 per cent., closing balances were found at 8½-8¾ per cent.

In the inter-bank market overnight loans opened at 8¾-8¾ per cent. and eased to 8¼-8½ per cent., before closing at 8¼-9 per cent.

Short-term fixed period interest rates were generally easier. Discount houses buying rates for three-month Treasury bills remained very close to 8¾ per cent. A fall below that level at the weekly Treasury bill tender on Friday will cause a further reduction in Bank of England Minimum Lending Rate.

Rates in the table below are nominal in some cases.

Feb. 24 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury Bills ‡	Bank Bills ‡	Fine trade Bills ‡
Overnight	—	8¼-9	—	—	—	8¾-10	8-9	—	—	—
2 days notice	—	—	8⅝-8¾	—	—	—	—	—	—	—
†7 days or 7 days notice	—	8⅝-8⅞	8¾-8⅞	—	—	—	8½-8¾	—	—	—
One month	[illegible]	[illegible]	8⅞	9⅛-9⅛	9-10½	—	8½-8⅝	[illegible]	[illegible]	[illegible]
Two months	8⅞-8¾	[illegible]	—	9⅜-9	9-10½	—	8½-8⅝	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	9-9⅛	9½-9	9-10½	—	8½-8⅝	[illegible]	[illegible]	[illegible]
Six months	9⅛-9	[illegible]	9¼	[illegible]	9-10½	—	—	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	—	10-9½	9-10½	—	—	—	—	—
One year	[illegible]	9⅝-9¾	10⅜-10½	10⅛-9⅝	9-10½	—	—	—	—	—
Two years	—	—	11¼-11½	—	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12 per cent.; four years 12¼-12½ per cent.; five years 12½-12¾ per cent. [...] Approximate selling rate for one-month Treasury bills [...]; buying rates for four-month bank bills [...] per cent.; four-month trade bills [...] per cent.

Finance House Base Rate (published by the Finance Houses Association): 11 per cent. from February 1. Clearing Bank Deposit Rate for small sums at seven days' notice 6½ per cent. Clearing Bank Rates for lending 9½ per cent. Average tender rate of discount 8.8610 per cent.

FINANCIAL TIMES STOCK INDICES

[illegible]

HIGHS AND LOWS

	1975/6 High	1975/6 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (5/1/76)	49.18 (3/1/75)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	50.53 (3/1/75)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	417.4 (30/1/76)	146.0 (6/1/75)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5/75)	189.8 (24/2/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

Daily—	
Gilt-Edged	172.5
Industrials	268.1
Speculative	73.1
Totals	172.5
5-day Av'r'ge	
Gilt-Edged	165.7
Industrials	228.0
Speculative	79.3
Totals	147.9

NEW HIGHS AND LOWS FOR 1975/76

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975-76.

NEW HIGHS (99)

[illegible]

NEW LOWS (29)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down
British Funds	[illegible]	[illegible]
Corpns. Dominion and Foreign Bonds	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]
Oils	[illegible]	[illegible]
Plantations	[illegible]	[illegible]
Mines	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]
Totals	[illegible]	[illegible]

BASE LENDING RATES

Allied Irish Banks Ltd.
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
Brown Shipley
Canada Permanent AFI
Cayzer, Bowater Co. Ltd.
Cedar Holdings
Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
Guinness Mahon
Hambros Bank
Hawtin & Partners
Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Merc'tile Corpn.
Midland Bank
Samuel Montagu
Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Thames Guaranty
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

CORAL INDEX
Close 407-412

I.G. INDEX
GOLD 130-133

INSURANCE BASE RATES

هكذا الأصل

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is ...nted below with quotations on London. Irish issues, most of which are not ...ially listed in London, are shown separately and with prices as on the Irish ...ange.

...my Inv. 20p	28	......	Graig Ship. £1	360	−10	Shiloh Spinn	29	....
... Spinning	33	......	Hallam Sleigh 10p	7½	...	Sindall (Wm.)	52	.....
...am	30	.....	Higsons Brew.	109	...			
...wtr. Est. 30p	149	+2	I.O.M. Stm. £1	138	.....	**IRISH**		
...er Croft	25	....	Holt (Jos.) 25p	255	.....			
...& Rose £1	327	...	Kleen-e-Ze	18	...	Alliance Gas (£1)	90	......
...n (R.A.)	23	.	Lovell's Ship £1	80	...	Carroll (P. D.)	125	......
...& McHdy	61	.	N'thn Goldsmith	96	+2	Clondalkin	41	......
...u FT'd.10p	26	......	P.M.A.	58	−1	Concrete Prods.	85	......
...ed	9	....	Pearce (C. H.)	80	.....	Goodbody (£1)	34	....
... Forge	V44	......	Peel Mills	12½	....	Heiton (Hldgs.)	29	....
...ay Pkg. 5p	16	....	Richards 10p	18½	.....	Irish Distillers	62	−1
...& Reed 50p	144	.....	RobbCaledon5h.	46	−1	Irish Wire	40	......
...ner & Sons	12	.	Sayers 12½p	17	......	Jacob	67	......
...lner (L.)	75	.....	Sheffield Brick	68	......	Sunbeam	13	−1
			Sheff. Refrshmt.	140	.....	Unidare	73	+1

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

Metals Fd. Feb. 19	£9.72	9.98	.....	—
TMT Feb. 12	$US11.06	11.30	....	—
TMT Ltd Feb. 12	£11.34	11.63	.	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Wrld Wide Gth.Fd. | $US12.12 | ...... | —

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey yield. ‡ Suspended. ★ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98⅞	92¹⁄₁₆	Treasury 6½pc 1976‡‡	98²³⁄₃₂	−¹⁄₃₂	6.58	9.01
99	97	Victory 4pc 1976‡‡	98⅝xd	...	4.04	—
102	96⅞	Treasury 10½pc 1976‡‡	101⅛	−¹⁄₁₆	10.38	8.91
97¹⁵⁄₁₆	88⅞	Treasury 6¼pc 1977‡‡	97¹³⁄₁₆xd	+¹⁄₁₆	6.38	8.38
97½	86¾	Electric 3pc 74-77	97½xd	+⅛	3.08	5.48
103¹¹⁄₁₆	96⅞	Treasury 11½pc '77‡‡	103¹⁄₁₆xd	−¹⁄₁₆	11.16	9.38
94	84	Treasury 3pc '77‡‡	93⅝		3.20	6.97
93⅞	84⅛	Transport 4pc '72-77	93¾	−⅛	4.27	7.72
99	90½	Treasury 9pc 1978‡‡	99xd	−¹⁄₁₆	9.09	9.56
101⅞	96	Treasury 10½pc '78‡‡	101⅜	+⅛	10.36	9.82
92½	79	Exchequer 5pc '76-78‡‡	92½xd	+¼	5.40	8.28
103½	94¹⁄₁₆	Treasury 11½pc '79‡‡	103½xd		11.11	10.14
87⅝	71⅞	Treasury 3pc '79‡‡	87⅝xd	−⅛	3.42	6.99
88	73⅞	Electric 4¼pc '74-79	88xd	+¼	4.83	8.18
100¹⁄₁₆	94½	Treasury 10½pc '79‡‡	100	−¹⁄₃₂	10.50	10.47
100	95¹⁄₁₆	Do. 10½ 1979 'A'	100	+¹⁄₃₂	10.50	10.47
86⅝	71	Electric 3½pc '76-79	86½	+¼	4.05	7.73
96¹⁄₁₆	84	Treasury 9pc 1980‡‡	96¹⁄₁₆xd	+¹⁄₁₆	9.33	10.10
96¹⁄₃₂	89¼	Treasury 9½pc '80‡‡	96³⁄₃₂	+¹⁄₃₂	9.87	10.62
96³⁄₃₂	92¾	Treasury 9½pc 1980 'A'	96³⁄₃₂	−¹⁄₃₂	9.87	10.63
86	68¼	Treasury 3½pc '77-80	85½	+¼	4.09	7.49
87⅝	71	Funding 5¼pc '78-80‡‡	86½	+¼	6.07	9.09
103¹⁄₁₆	94⁵⁄₁₆	Treasury 11½pc 1981	103	+¹⁄₁₆	11.16	10.67
		Five to Fifteen Years				
86	66¼	Treasury 3½pc '79-81	84⅜	−⅛	4.15	7.29
92⅜	72⅝	Do 8½pc '80-82‡‡	92⅜	+⅜	9.30	10.47
107¾	86⅝	Treasury 12pc 1983‡‡	102⅝xd	+½	11.61	11.31
79⅞	58	Funding 5½pc '82-84‡‡	79⅛	+⅛	7.01	9.41
86⅛	61⅛	Treasury 8½pc '84-86‡‡	85⅞	+¼	10.02	10.99
74⅞	51⅜	Funding 6½pc '85-87‡‡	73⅞	+¼	9.05	10.92
77⅛	53	Treasury 7¾pc '85-88‡‡	75⅝	+¼	10.33	11.68
51¼	32⅞	Transport 3pc '78-88	49½	+⅛	6.12	10.43
54¾	39¾	Treasury 5pc '86-89	57½	+¼	8.98	11.51
102	96	Treasury 13pc 1990‡‡	100	+⅜	13.19	13.21
75⅞	53¼	Treasury 8¼ 87 90‡‡	73¾	+¼	11.44	12.46
		Over Fifteen Years				
60	41⅛	Funding 5¾pc '87-91‡‡	58⅛	+¼	10.29	12.22
99	85½	Treasury 12¼pc '92‡‡	96⅝	+⅜	13.37	13.46
97½	83⅝	Treasury 12½pc '93‡‡	94⅝	+⅜	13.41	13.52
95¼	94	Treas. 12½pc 1993 'A' ●	94¼	+¼	13.32	13.42
58	40½	Funding 6pc 1993‡‡	52¼xd	+¼	11.31	12.76
75⅜	54⅛	Treasury 9pc '94‡‡	73	+¼	12.76	13.29
36½	24¾	Gas 3pc '90-95	34¾	+⅛	8.89	11.77
102	75	Treasury 12¾pc '95‡‡	97⅝	+⅜	13.56	13.60
75⅞	54⅛	Treasury 9pc '92-96‡‡	69xd	+¼	12.96	13.43
35½	26½	Redp. 3pc 1986-96	32½xd	...	9.14	11.70
100⅝	86¼	Treasury 13¼pc '97‡‡	98⅛	+⅜	13.67	13.69
101⅞	88⅛	Do. 13¼% '97 'A'	99⅝	+⅜	13.71	13.71
69⅞	53¼	Treasury 8¾pc 1997‡‡	66⅞xd	+¼	13.06	13.48
59⅞	40¾	Treasury 6¾pc '95-98‡‡	55⅝	+¼	12.62	13.31
75⅛	54¼	Treasury 9½pc 1999‡‡	72¾	+¼	13.25	13.52
31½	22	Funding 3½pc '99-04	29⅞	+⅛	11.88	12.80
65	47	Treasury 8pc '02-06‡‡	62¾	+¼	13.42	13.57
46⅛	33	Treasury 5½pc '08-12‡‡	41⅝xd	+¼	13.15	13.31
60¼	43⅛	Treasury 7¾pc '12-15‡‡	57⅞	+¼	13.34	13.59
		Undated				
29⅞	22⅛	Consols 4pc	28⅞	+⅛	13.98	15.47
27⅞	20⅛	War Loan 3½pc‡‡	26⅞	+⅛	13.43	—
28⅞	22⅜	Conv. 3½pc '61 Aft.	26⅞xd	+⅛	13.10	—
23¼	17½	Treasury 3pc '66 Aft.	22⅝	......	13.98	—
19⅛	14¼	Consols 2½pc	18⅝	+⅛	13.67	—
19⅛	14¼	Treasury 2½pc	17⅝xd	.....	13.99	—

**INTERNATIONAL BANK

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
72½	58	5pc Stock '77-82	72¼	....	6.93	11.15
99¼	91½	8pc Stock 1976	99¼	+⅛	8.06	9.65

**CORPORATION LOANS

1975/6 High	Low	Stock	£	+ or −	Yield Int.	Red.
89	80¼	Birm'ham 9¾pc '79-81	88	+½	10.58	12.49

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ Dm Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 55¾% (based on $2.0250 per £)

Conversion Factor 0.6450 (0.6316)

CANADIANS

1975/6 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
13¾	870p	Bk. Montreal $2	12⅞	−⅛	96c	—	3.6
36⅛	24¼	Bk. Nova Scot. $2	35⅝	−1⅛	$1.60	—	2.2
37⅝	29⅛	Bell Canada 25c	36¾	−½	$3.44	—	4.5
15⅛	700p	Bow Valley‖	13¼	−1	10c	—	0.4
10⅛	720p	Brascan‖	960p	−35	$1.00	—	5.0
22¾	15⅛	Can. Imp. Bk. $2	21½	....	$1.28	—	2.9
13⅝	945p	Can. Pacific $5	12⅞	−⅛	84½c	—	3.1
29¼	22½	Do. 4pc Deb. $100	28½	+⅛	4%	—	14.0
24⅞	17⅛	Gulf Oil Can.‖	24¼xd	−⅛	$1.00	—	2.9
670p	230p	Hawker Sid. Can.‖	655p	−15	36c	—	2.6
28	16⅛	Hollinger $5	24⅞	−½	$1.80	—	3.6
14¾	825p	Hudson's Bay‖	14⅛	−⅛	60c	—	2.0
32¼	12⅞	Hud. B. Oil G. $2½	31¼	−⅛	$1.40	—	2.4
22¾	16	Imperial Oil‖	18½	−⅞	80c	—	2.0
770p	464p	Int. Nat. Gas $1	720pxd	−10	80c	—	5.3
25¾	14½	Inc. Nickel‖	25	−¼	$1.40	—	2.7
23¼	970p	Massey Ferg.‖	22¼	−⅞	$1.00	—	2.2
25½	980p	Pacific Pet. $1	24⅝	−¼	80c	—	1.5
32p	11½p	Place Gas $1	27p	−1	—	—	—
28½	13¼	Rio Algom	27⅞	−⅞	$1.00	—	1.7
24¾	18	Royal Bk. Can. $2	24		$1.28	—	2.6
26⅞	19	Seagram Co. C$1	23½xd	−⅛	80c	—	1.6
17⅛	11¼	Tor. Dom. Bk. $1	15¼	−¼	70c	—	2.2
10½	600p	Trans. Can. Pipe 33⅓c	990p	−22	72c	—	0.9
790p	515p	White Pass	775p	.....	‡35c	—	2.2

S.E. List Premium 55¾% (based on $2.0060 per £)

††BANKS AND HIRE PURCHASE

1975/6 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
250	135	Alexanders D. £1	230	−5	11.67	—	7.8	—
£114	£67	Algemene Fl. 100	£105	−2	Qh20%	1.8	3.4	16.2
480	190	Allen Harvey £1	480		†13.5	—	4.3	—
142	45	Allied Irish	116	−2	Q25%	—	5.4	—
77	14	Anglo Contnl	53		—	—	—	21.3
195	95	Arbuthnot L. £1	190	−2	†7.61	—	6.2	—
445	170	Aust. & N.Z. £1	408	+5	9.7	—	3.7	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
112	42	Botswana RST R2	52	−2	—	—	—
390	24½	Messina R0.50	245	.....	Q35c	1.5	78.9

MISCELLANEOUS

1975/6 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	3	Burma Mine 17½p	9	.....	m0.5	—	1.5
65	17	Charterhall 5p	31	+2	—	—	—
880	260	Cons. Murch. 10c	720	−20	Q80c	ϕ	6.1
53½	29½	Laurasia	37	−1½	—	—	—
470	200	Northgate C$1	400	−15	tQ25c	1.0	3.5
211	80	R.T.Z.	197	+2	g5.51	4.4	4.3
135	47½	Sabina Inds. C$1	93	−9	—	—	—
61	45	Stanford Minerl	45	.....	—	—	—
£12⅞	374	Tara Exptn. $1	£10⅞	−¼	—	—	—
122	38	Yukon Cons. C$1	122	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- § Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♣ Based on 1973 profits
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27.

FINANCIAL TIMES
Wednesday February 25 1976

AT THE CLIMAX OF THE FT CLIPPER RACE, IT'S RULE BRITANNIA

Glyn Genin

Rule Britannia! The joint services crew of Great Britain II stream a victory message as they head towards the finishing line at Dover. Vive l'entente cordiale! French authorities suspended a defence exercise in the Channel yesterday to allow an RAF Nimrod of 42 Squadron to fly over GBII for Financial Times photographs to be taken.

GB II set fair for record

BY ALEC BEILBY

GREAT BRITAIN II seems set fair to reach the finish of the Financial Times Clipper Race, off Dover, later to-day. Last night she was running before moderate south-westerly winds, passing north of the Channel Islands.

If GB II reaches Dover to-day, she will hold not only the outward record for the voyage from the Thames to Sydney, which she broke by 1½ days, but will have beaten the 69-day homeward record by over two days, a feat thought impossible by many yachtsmen. Her round-the-world time will be a remarkable 134 days.

Fog turned into a major hazard yesterday. Reporting by radio, the yacht's skipper Roy Mullender said: "It was terrifying off Ushant. We were flying along at 10 knots or more in zero visibility, and with the certain knowledge that there was shipping around."

Ushant, the island off the north-west of Brittany, is a focal point of shipping routes. Fortunately for the 14-strong crew the fog lifted.

Once round Ushant, with a fair wind and tide behind them, they had just six hours to cover the 70 miles to pass the Alderney Race before the tide turned against them.

The yacht has been sailing with two of the three watches working on deck. There is little inclination to sleep among the third, off-duty watch.

Lighter winds were reported for the north side of the Channel, so Mullender stayed south. But the penalty for this was the stronger tides that run off the Channel Islands and the Cherbourg peninsula.

Mr. Jack Hayward, who financed the building of the yacht for Clay Blyth three years ago and gave it to him after the last round-the-world race is flying from his Bahamas home to be at the finish. When financial shortages threatened the whole Great Britain II project, he underwrote the substantial overdraft that remained when she set sail for Sydney. Now he plans to make a "substantial" donation to the project funds.

No reports have been received since last Saturday from the other four yachts in the race. The Italians aboard CS e RB II have made no report and have not been sighted since they sailed from the Falkland Islands three weeks ago, in spite of a special radio watch being kept by the Argentine authorities. Possibly her radio may again be at fault—it already caused an outward stop at Recife and the call at Stanley.

Fight to alter new accounting rules

BY MICHAEL LAFFERTY, CITY STAFF

SERIOUS OBJECTIONS from companies in the aerospace and electronics industries and a number of large city accounting firms have led the Accounting Standards Committee (ASC) to reconsider its proposed policy on the way research and development expenditure should be treated in company accounts.

A revised document to be discussed at to-day's monthly meeting of the ASC would allow companies to capitalise development expenditure in certain circumstances. Under this system profits are only calculated after deducting the amount of the expenditure that the company considers it necessary to write off each year, based on the estimated period in which the benefit would fall.

This in sharp contrast with the ASC's original proposals, published in January, 1975, which would require all research and development expenses to be deducted from profits in the year that the money is spent. Thus, reported profits are much lower than under the other system.

A Society of British Aerospace Companies official confirmed that an ASC panel had met representatives of the society to discuss the matter. "We are waiting to see what the ASC will do about our objections," he said.

The aerospace companies' view is that "it is very dangerous in areas of high technology to be too rigid in laying down rules as to how a purely accounting and financial matter should be dealt with. It is unreasonable to expect every company to fit into the same mould," they say.

Difference

There is also a major difference of opinion about the matter among the leading city accounting firms.

Both Peat Marwick Mitchell—whose senior partner, Sir Ronald Leach, is chairman of the ASC—Cooper and Lybrand, and Arthur Andersen take the view that R and D costs should be written off as incurred.

However, several other firms, including Whinney Murray, Price Waterhouse, Deloitte, Arthur Young, and Touche Ross disagree with this "broad brush" approach, and want the ASC to allow for the capitalisation of development or development expenditure in certain cases.

Mr. Ian Leeson, technical partner of Whinney Murray, said that the effect of writing off the expenditure as it is incurred could have a major impact, not only for shareholders, but also for trades unions in pay claims and for the Government in connection with counter-inflation legislation.

"We think that it is essential for the health of the U.K. economy that innovation and risk-taking are encouraged. An arbitrary standard calling for the immediate writing off of all development expenditure by all companies may lead to a further disincentive on the part of management to invest in future developments, and might aggravate an adverse economic situation," he added.

It is understood that the revised proposals to be discussed to-day would allow for the capitalisation of development expenditure where (a) there is a clearly defined project, (b) the related expenditure is separately identifiable, and (c) the outcome can be assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability.

Freedom of assembly promised in Spain

BY ROGER MATTHEWS MADRID, Feb. 24.

THERE WILL be total freedom of meeting and assembly in Spain within two months, Señor Fraga Iribarne, the Minister of the Interior, said during an hour-long interview for a U.S. television programme.

Everyone would have the right to participate in meetings and demonstrations, although Communists, "separatists" and "terrorists" would naturally be excluded by the penal code, he said.

Conditions in Spain provided a solid basis for an experiment in democracy, the Minister declared, but he stressed that it was just that—an experiment—and would be "more or less controlled."

The programme announced by the Prime Minister at the end of January and later elaborated in interviews to the foreign Press by Sr. Fraga, would be enough for the first two-year phase. After that an assessment could be made of further developments.

Answering questions from a panel of journalists headed by Mr. William Buckley Jnr., Sr. Fraga said he anticipated that the only political prisoners remaining in jail by the summer would be those convicted of crimes of violence. There were about 550 political prisoners at the moment, of whom 200 were responsible for violent acts, and he challenged opposition groups to provide a list of the 1,600 political prisoners whom they claimed were still being held. Spain had one of the lowest prison populations of the world, he said.

There was no chance of all political exiles being allowed to return. In the case of "La Pasionaria" (Dolores Ibarruri, the Communist leader living in Moscow) Sr. Fraga said: "I would not have enough police to protect her and I mean that quite seriously.

"Our civil war has been too recent and it must not be forgotten that it was fought primarily against communism."

Sr. Fraga, until recently Ambassador in London, several times spoke of his admiration for the British democratic system. He thought that voting for the lower house in the two-chamber system would be based on constituencies with a simple majority being sufficient to be elected. The upper house—"more liberal than the House of Lords, but less so than the U.S. Senate"—would be selected on a "corporate basis" and could be described as "second or third degree" democracy.

Economic power would be vested principally in the lower house. He foresaw no real problems in one chamber being able to block the legislation emanating from the other.

Treasury plans more frequent spending control checks

BY ANTHONY HARRIS

THE TREASURY is working with Government spending departments to establish cash-flow forecasts, so that the progress of spending under the programmes which come under the new cash controls in April can be effectively monitored at short intervals.

This work, announced in a Treasury note to the House of Commons Expenditure Committee, has been in progress for some time, and the Government has called in industrial accountants with experience of cash budgeting in large companies to help the civil servants.

While the primary aim is to be given early warning when programmes are exceeding budgetted costs so that action to trim them can be taken before it is too late, the Treasury is also looking for regular reports on the physical progress of programmes.

This is to ensure that if costs should rise less than was expected when the cash limits were set, the saving is passed through to the Exchequer, rather than being earmarked for extra volume spending.

The Treasury is still reluctant to make public any details of the new system, which is bound to take some time to set up and run in.

Its answer to the Expenditure Committee, which had explicitly inquired about time profiles of expenditure in different programmes, is confined to a single sentence.

However, the announcement was warmly welcomed by Mr. Michael English, chairman of the sub-committee concerned.

"After our inquiry, we are delighted to know that the work is already in hand," he said yesterday. "We will of course want further details, but I do not think we need press unduly hard.

"I have done similar work in industry, and I know how long it takes. I would guess that it would be two or three years before the new system is fully effective."

The committee has also called on the Government to publish the results of the monitoring of spending programmes, but Ministers have so far only promised to keep in "close touch" with the committee.

Programmes

The Treasury note, published yesterday as a Special Report from the committee, also gives considerable detail about the programmes to which it is intended to apply cash controls.

It shows that within carefully defined limits—termed "cash control blocks"—departments will be allowed to use cash saved in one part of a programme to cover rising costs in another.

The blocks are said to be "large enough to provide spending authorities with scope for finding the most economical and effective way of carrying out their programmes, while ensuring effective financial control."

With trivial exceptions, each block falls within the control of a single department.

The work of all the larger departments is broken down into several blocks—seven, for example, for the Department of Education and Science, and eight for environment.

But there are no cash controls for those services and payments—such as social security, regional and other industrial payments, and pensions—which can be claimed as a right. Housebuilding is also exempt.

New voice in Whitehall, Page 14

Continued from Page 1

Greenhill for Rhodesia

other Ministers, they may also see Mr. Nkomo, although the African National Council leader had full discussions in London with Mr. Callaghan earlier this month.

The Government does not apparently feel it necessary at this stage to send emissaries to the key African countries of Tanzania and Zambia, although it is pointed out that, were Lord Greenhill's findings to be positive, any subsequent British policy would be worked out in the closest consultation with the Zambian and Tanzanian Presidents and their colleagues from Mozambique and Botswana.

Tony Hawkins writes from Salisbury: Mr. Joshua Nkomo has ruled out participation by the rival African National Council wing of Bishop Abel Muzorewa in the constitutional talks due to resume here to-morrow. Mr. Nkomo also said he had no reason to believe that a British Government representative would attend the discussions.

The question of British participation had still to be discussed. "We will be working out a system by which the British will come in," he said at a news conference.

He acknowledged that Britain had an iportant role to play, and said that, on his recent visit to London he had reminded Mr. Callaghan of British obligations in Rhodesia.

Commenting on the constitutional talks with Mr. Smith, Mr. Nkomo said that both sides had now "made their stands." The Rhodesian Front Government had shown itself in its proposals to be "completely out of step with the world." In the event of a breakdown in the talks, the ANC would press on with its objective of obtaining majority rule.

Labour Left forces trial of strength

BY RICHARD EVANS, LOBBY CORRESPONDENT

A SERIES of tests of strength between the Left wing and moderate members at to-day's crucial meeting of the Labour Party's national executive committee could set the tone of relationhips in the Labour movement in the coming months.

Following publication of the Public Expenditure White Paper and the prospect of a continuing high level of unemployment, Left-wingers are determined to put increased pressure on Ministers to steer economic and industrial policies in a Leftward direction.

The key test will come on a resolution tabled by Mrs. Judith Hart, the former Minister, which refers to the "significant divergence between the industrial and economic policies of the Government and those of the party," and calls on Ministers to consider the political consequences of "a continued failure to carry out the fundamental policies of the party."

It expresses deep concern about present and prospective levels of unemployment, and regards the divergence very seriously, "since it concerns the prospects for full employment and British economic recovery."

The resolution will receive the wholehearted support of Left-wing members of the NEC, but will place Ministers like Mr. Anthony Wedgwood Benn, Energy Secretary, in a very difficult position.

Mr. Benn, who has been under mounting pressure from Left-wing MPs to resign, is known to be unhappy about many aspects of Government policy, but believes his role should continue to be inside the administration, rather than on the back benches.

If the resolution is passed—and Mrs. Hart will insist that it be put to a vote—Ministers will have to accept that the NEC takes a much more belligerent attitude towards Government policy. One danger for Ministers is that some unions might take a lead from the party when their annual conference season begins at Easter.

Another awkward resolution before the NEC is from Miss Joan Maynard, MP for Sheffield Brightside, calling for a one-day special conference on unemployment and the economic situation.

Most moderate MPs believe that all such a conference would do would be to widen the party's policy divisions and affect morale badly, but the resolution could be passed by the Left-wing majority on the NEC.

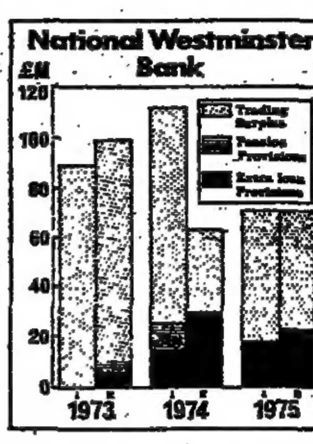
Tentative plans have already been made by Mr. Ron Hayward, Labour Party general secretary, to hold a special conference if the resolution is endorsed. One possibility is a conference at Central Hall, Westminster, on April 10. But no firm bookings have yet been made.

THE LEX COLUMN

NatWest's bad debt burden

National Westminster Bank is "relaxed" about its capital ratios, so it is not at this stage jumping on to the rights issue bandwagon which in recent weeks has taken on board a variety of international banks, including Lloyds, J. P. Morgan and Dresdner. Meanwhile NatWest's results for 1975 turn out to be much in line with expectations, some 13 per cent. lower at £104.4m. pre-tax, though within that the extra £40m. charged against advances (after £18m. at half-time) may be a little higher than most projections. Lifeboat and property exposure continues to take the blame here. Underlying profits from trading were almost steady over the two halves of 1975; in both cases showing some advance on the second six months of 1974, the very bottom of the trough.

Although domestic lending remained completely flat through the year, margins were on a sharply improving trend, the gap between base rate and



the seven-day deposit rate widening from 2½ to 4 points. With interest rates staying relatively high, NatWest was largely able to absorb sharp second-half cost rises—particularly for staff salaries, up 22½ per cent. from July. Higher profits from the international side, most of the increase reflecting sterling depreciation, made up any domestic shortfall.

This year NatWest is expecting profits to rise—indeed, outside estimates tend to stretch well over £150m. pre-tax, on the assumption that special provisions will be small or non-existent. Although the bank accepts that interest margins are vulnerable, it expects interest rates will climb later in the year on U.S. influences, and U.K. loan demand will also turn strong in the final quarter. Cost pressures, moreover, should ease. A rights issue cannot be ruled out, given that the free capital ratio narrowed from 3.0 to 2.7 per cent. last year, but as the property problems recede NatWest's relatively high yield of almost 5 per cent. should in due course allow some relative strength against the other clearers.

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Index rose 7.0 to 407.2

Nottingham Mftg.

Nottingham Manufacturing has confounded the sceptics and again proved its relative consistency within the textile cycle — after a £1.3m. drop in first half profits, the full-year total is only £400,000 down at just over £8m. and the shares jumped 10p to 78p yesterday for a rise of 47 per cent. this year. The contrast between the halves seems to be explained partly by a degree of caution at the half-way stage and some internal reorganisation costs, while the end of retailer destocking is reflected in a slight acceleration in the rate of turnover growth in the second six months. Moreover, a sharp rise in investment income in this period indicates a further increase in net cash balances from the end 1974 total of £12¼m.

This year, demand for carpets is recovering and the knitwear side should be helped by an easing of import pressures, particularly from the Far East, following the action on quotas. So external targets are now for an advance of at least 10 to 20 per cent. pre-tax this year which explains the recent beginnings of a return to the premium rating of the early 1970s: the yield is 5.3 per cent. with a fully diluted p/e of 10¼.

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Spirella

At £4.2m. pre-tax, Spirella's profits for 1974-75 take in eight months of Vantona and are roughly what the market was expecting. But a 54 per cent. increase in the dividend came right out of the blue yesterday, and with Spirella also talking about "significant" earnings increases in the current year the shares rose 5p to 90p compared with just 56p at the beginning of January and a conversion price of 53p for the 14 per cent. convertible. The convertible is now as go... equity, and with bank bo... ings some £2¼m. dow... historic levels, Spirella's ... now represents under 5... cent. of net worth.

Spirella itself has appa... matched its £2.8m. pre-tax ... cast, which leaves Vanto... with £1.9m., or £2.8m. in ... year. So allowing for fina... costs and the fact that I... projecting for a year to I... (that is four months furth... the present rising cycle ... acquisition has not falle... short of its defence doc... forecast of £3.3m.

In 1975-76 the group s... top £5½m. pre-tax for ea... of around 17p a share. Va... will be in for a full yea... has eliminated some u... loss makers, and group ... overall are roughly 15 per ... ahead after two months ... actual volume growth sh... through in some areas of h... hold textiles. These pro... now account for four-fift... total sales, the bulk of ... goes to the multiples incl... 14 per cent. to Marks ... Spencer. The shares curr... yield 7.4 per cent.—covere... times—while the prosp... p/e is about five.

See also Page 27

Ultramar

Ultramar's share price s... to be recovering smartly ... the bout of selling ... knocked it back by abo... sixth earlier this m... Although the Indon... Government has not approa... the company so far, it ... looks as though the burde... an extra $280m. of oil reve... scheduled for 1976-77 wil... on the established compa... rather than relative newco... like Ultramar. Its curren... volvement is limited to a ... in production of 12,000 ... against over 800,000 bpd ... Caltex: its big expansio... planned for 1977, and is ... expected to generate sub... tial cash flows and susta... profitability.

In addition, Ultra... refineries in Eastern Ca... are not, apparently, expos... any way to the current tro... of the Shaheen Na... Resources refinery in ... foundland, and Sha... interests have not had a si... cant shareholding in Ultr... for some years. Earnings ta... for 1975 remain around £... the market capitalisatio... £62m.

Weather

U.K. TO-DAY

MILD. Mainly dry.

London, S.E. and Cent. S. England, E. Anglia, Midlands, Wales

Early fog patches. Dry. Sunny spells. Wind W., moderate. Max. 12C (54F).

Channel Is., S.W. England

Overnight mist. Sunny spells. Wind W., moderate. Max. 13C (55F).

E. and N.E. England, I. of Man

Fog patches early. Sunny spells. Wind W., fresh. Max. 11C (52F).

S. Scotland, N. Ireland

Mostly cloudy. Wind W., strong. Max. 10C (50F).

N. Scotland

Cloudy. Rain at times. Wind W., strong. Max. 10C (50F).

Outlook: Little change.

Lighting-up: London 18.01, Manchester 18.07, Glasgow 18.10, Belfast 18.20.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	R	8	46	Madrid	S	14	57
Athens	C	9	48	Manchstr.	F	8	46
Bahrain	C	18	64	Melbourne	S	25	77
Barcelona	S	15	59	Mexico C.	S	18	64
Beirut	C	11	52	Milan	S	13	55
Belfast	C	6	43	Montreal	C	1	34
Belgrade	S	3	37	Moscow	S	1	34
Berlin	C	0	32	Munich	F	2	36
Birmghm.	F	10	50	Newcastle	C	8	46
Bristol	F	10	50	New York	S	7	45
Brussels	C	10	50	Oslo	Fg	3	38
Budapest	Fg	0	32	Paris	C	9	48
B. Aires	S	29	84	Perth	S	36	97
Cairo	R	16	61	Prague	C	−2	28
Cardiff	F	9	48	Reykjavik	R	2	36
Cologne	C	7	45	Rio de J'o	C	29	84
Copnhagn.	R	1	34	Rome	S	14	57
Dublin	C	9	48	Singapore	C	31	88
Edinburgh	C	8	46	Stockholm	C	2	36
Frankfurt	Fg	0	32	Strasbourg	Fg	1	34
Geneva	S	7	45	Sydney	R	25	77
Glasgow	C	7	45	Tehran	C	5	41
Helsinki	Sn	−4	25	Tel Aviv	C	14	57
Hong Kg.	C	17	63	Tokyo	S	10	50
Jo'burg	C	24	75	Toronto	C	2	36
Lisbon	S	16	61	Vienna	C	−1	30
London	C	12	54	Warsaw	F	−2	28
Luxmbrg.	Fg	3	37	Zurich	C	3	38

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	14	57	Jersey	C	10	50
Biarritz	F	13	55	Las Plms.	S	21	70
Blackpool	F	8	46	Locarno	S	12	54
Bordeaux	F	14	57	Majorca	S	16	61
Boulogne	R	8	46	Malaga	S	16	61
Casablnca.	S	19	66	Malta	C	14	57
Cape Tn.	S	24	75	Nairobi	S	22	72
Corfu	S	14	57	Naples	F	15	59
Dubrovnik	S	12	54	Nice	S	15	59
Faro	S	17	63	Oporto	S	20	68
Florence	S	15	59	Rhodes	S	12	54
Funchal	F	18	64	Salzburg	S	3	37
Gibraltar	F	16	61	Tangier	F	17	63
Guernsey	C	10	50	Tenerife	F	17	63
Innsbruck	F	9	48	Tunis	C	14	57
Inverness	F	8	46	Valencia	S	16	61
Is. of Man	F	8	46	Venice	S	13	55
Istanbul	Sn	1	34				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. Sn—Snow.

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